

FINANCIAL TIMES

Europe's Business Newspaper

WEEKEND OCTOBER 29/OCTOBER 30 1994

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Tobacco companies
to be banned from
advertising in China

China plans to ban cigarette advertising in the media and in public places, threatening moves by foreign tobacco companies to expand into potentially the world's most lucrative market. The Chinese smoke one-third of the world's cigarettes. Philip Morris and RJR Nabisco of the US and Rothmans International of the UK have established manufacturing joint ventures in China, and other companies are exporting. Page 24; BAT's uphill task to secure approval, Page 2

Santex close to Brussels deal Jacques Santex, next president of the European Commission, was last night close to a deal over the share-out of new portfolios, the first test of his grip on colleagues and clout with member states. Page 24; Rome names EU commissioners, Page 2

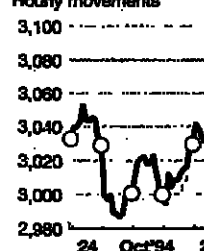
Clinton reassures Kuwaitis US president Bill Clinton arrived in Saudi Arabia on the final leg of his Middle East tour, having reassured Kuwait that Iraq would never again be allowed to threaten its security. Page 3

Serbs hold British officers Four British army officers have been held for three days by the Bosnian Serb Army, the Ministry of Defence said. They are part of a UK liaison team working with local communities. Bosnia fighting shifts in Moslems' favour. Page 2

Footsie surges in late afternoon trading

FT-SE 100 Index

Hourly movements



Source: Reuters

yesterday. London stocks, Page 13; World stocks, Page 21; Markets, Weekend II

Boon coalition promises savings The three parties in German chancellor Helmut Kohl's new government emerged from their first session of talks promising to modernise Germany while keeping tight control of its finances. Page 2

Halifax to re-test sales staff Halifax Building Society, one of the UK's largest personal finance organisations, is to withdraw its 600-strong financial services sales force for re-testing, after discovering failures to meet regulators' standards. Page 5

BMW heads for record sales German carmaker BMW said turnover was outstripping record levels reached in 1992. Sales, excluding those of recently-acquired UK group Rover, rose 8.5 per cent to DM23.8bn (\$15.9bn) at nine months. Page 10

Malaysia expects 8.5% growth Malaysian finance minister Anwar Ibrahim forecast that the country's economy would grow by 8.5 per cent this year, the seventh consecutive year of plus 8 per cent growth. Page 3

Claims provisions hit Aetna earnings Earnings at US insurance group Aetna were hit by further additions to reserves to meet environmental claims during the third quarter, contributing to a 25 per cent fall in operating earnings. Page 10

Mixed first half for Japanese industry Japan's heavy industry manufacturers and shipbuilders reported mixed first-half results due to the yen's sharp appreciation and a weak domestic economy. Page 9

Weather hits Ajinomoto profits First-half profits of Ajinomoto, Japan's leading food manufacturing company, were hit by hot summer weather, the discounting boom and increased competition from imports. Interim recurring profits fell 13.1 per cent to ¥11bn (\$110m). Page 9

Morgan Stanley to advise Rome on Stet US investment bank Morgan Stanley won a fiercely fought contest to advise the Italian government on the privatisation of Stet, the state-controlled telecommunications holding company. Page 10

Award for FT writer Financial Times writer Peter Knight, who contributes regularly to the Technology Page, received the British Environment and Media Award in the non-specialist category for his articles in the FT.

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Russian villagers fear health effects of oil spill

By John Thornhill in Kotva, Komi Republic, and John Lloyd in Moscow

For Mrs Cheslava Potova, mayor of the tiny settlement of Kotva on the river of the same name, the amount of oil that has seeped into the land around her village recently has been a difference only of degree.

"The pollution in the river is such that there are hardly any fish left - it had been a staple food here. Now, when you catch one, it reeks of oil," she said.

The oil spill from a temporary dam, caused by a ruptured pipe, prompted

international fears this week about an environmental disaster in the Arctic. But the reaction by the authorities has been slow - oil oozed into the river a month ago and it took three days for "specialists" to arrive for the clean-up.

"I don't say people were afraid, but they do think of the future and want to make sure this does not happen again."

People were very unsettled and upset," Mrs Potova said.

"We drink milk from the cows and we eat food grown in the soil all about us. We do not know how much oil it might contain. The banks of the river are

already polluted with oil, and people are worried about their health."

In Usinsk, the nearest large town, 40km from the spill, Mr Yevgeny Leskin, director-general of the Komi Arctic Oil joint venture, revealed why the area's inhabitants should worry.

"Such accidents are not uncommon in Russia, though this one was more serious than most. The accident happened in mid-August, but the rains broke the dam only in September. The oil flooded the marshes. The workers tried to dam the flow into the Kolva river but we reckon about 2,500 tonnes got into it."

Mr Leskin, whose company helped with the clean-up, said about 11,000 tonnes of oil remain in the marshes. He insisted it would be cleared before the April thaw, which could spread it again.

The Russian environment ministry said yesterday that offers of help from abroad would not be taken up until the scale of the accident was fully known.

Accounts of the amount of oil leaked vary from the official inquiry report of 14,000 tonnes to US calculations of 100,000 tonnes. Komi authorities estimate that the clean-up cost at Rb500m (£12m) while western estimates have put

the figure as high as £62m.

The official news agency Itar Tass last night published a list of fires, oil spills and pipeline breaks affecting the Komi Republic's oil complex. It said 3,000 tonnes of oil leaked into the Pechora River, which flows into the Barents Sea, in June 1993 - 18 months after a fire had destroyed an oil well in the region.

In March 1988, 20,000 tonnes of oil leaked from a corroded pipe and, in 1986, a pumping station fire caused damage worth £120,000. The latest accident began in August when the pipeline sprang several leaks.

Rival BAe attacks bid as its shares fall

Battle for VSEL intensifies after GEC offers £532m

By Bernard Gray, Defence Correspondent

GEC, the UK defence and electronics company, yesterday stepped into the bid battle for nuclear submarine-maker VSEL with a £14-a-share cash offer which values the Barrow-based company at £532m.

This tops the all-share offer launched by British Aerospace for VSEL two weeks ago, which valued VSEL at exactly £13 a share on Thursday night.

VSEL's board, which had backed BAe's bid, refused to endorse either offer until clearance for the bids had been given by the Office of Fair Trading.

Mr Malcolm Rifkind, the defence secretary, said yesterday that he would not use the government's special national security powers over VSEL to block either bid.

VSEL's shares rose 72p to £13.95, while GEC gained 8p to 278p. British Aerospace's shares fell 16p to 459p, reducing the value of its offer to £12.60 per VSEL share.

GEC said its offer would allow the two remaining warship build-

ing yards to be brought together, pooling their design and engineering skills, and that the integration of the two yards would allow their long-term future to be guaranteed.

The company said its marketing arm would be able to help VSEL win overseas orders.

GEC also said it did not think its ownership of the two large warship yards presented competition problems. Due to the low level of orders, there would in practice be little overlap between the work of Barrow and Yarrow.

The ministry of defence, which had previously been indicating privately that it would opt for a GEC takeover of the Yarrow yard, refused to comment.

At the heart of the battle is the future of the British defence industry. As well as competing for the £2.5bn order for nuclear submarines due to be placed in 1996, the two companies are trying to strengthen their positions for the final stage of rationalisation of the defence industry.

At its most extreme, this could involve the merger of BAe's and GEC's defence interests.

BAe strongly attacked the GEC

bid, saying it was "wholly" inconsistent with the ministry of defence's declared policy in relation to defence procurement.

Mr Dick Evans, BAe's chief executive, said: "GEC's bid raises profound competition issues and I would expect it to be blocked."

City observers expect BAe to raise its offer, but they also think that GEC's greater financial resources would allow it to win a bidding war. BAe's defence would then rest on persuading the government to block GEC's bid on competition grounds.

GEC is expected to have to give assurances about the future of the Yarrow shipyard on the Clyde if its bid is to be cleared. However, one City observer said: "These assurances can be flexible. Barrow can build small frigates and large warships, but Yarrow can only build small frigates. If I were at Yarrow, I would be worried."

GEC dismissed such concerns and said: "It is our intention to secure enough work to fill both yards."

Lex, Page 24
Battle of the giants, Page 6

New 'sleaze' row



Dame Angela Rumbold, a deputy chairman of the Conservative party, takes in milk bottles from outside her Surbiton home yesterday morning in the wake of her resignation from a lobbying firm, which was seized on by opposition politicians as being the latest episode in the Westminster 'sleaze' row. Report, Page 24

Deutsche Bank puts its money on London supremacy

By Andrew Fisher in Frankfurt and Norma Cohen in London

Deutsche Bank, Germany's largest commercial bank, yesterday emphasised London's pre-eminence over Frankfurt as an international financial centre by deciding to put all its international investment banking activities in the UK capital.

It is combining its activities with those of Morgan Grenfell, the UK merchant bank which it bought in 1989 for £950m a few days before Mr Alfred Herrhausen, Deutsche Bank's former chairman, was murdered by terrorists.

Mr Hilmar Kopper, who succeeded Mr Herrhausen and worked with him on the Morgan Grenfell acquisition, said the bank would continue to support Frankfurt and expand its activities there. Its Frankfurt investment banking operations, serving German corporate, institutional and other customers, will stay in the German city.

The move, however, marks a change of strategy for Deutsche, which had previously been keen to maintain Morgan Grenfell as a separate subsidiary.

Deutsche said yesterday that the integration of its and Morgan Grenfell's investment banking operations would happen "over time", and changes to its organisational structure would be "evolutionary". It said a new

Continued on Page 24
Lex, Page 24

Stable US inflation figures lift world financial markets

By George Graham in Washington

The US economy grew strongly in the third quarter but inflation remained under control, giving a fillip to world financial markets yesterday.

Gross domestic product increased at an annualised rate of 3.4 per cent in the July to September quarter, according to advance estimates released by the Commerce Department's bureau of economic analysis.

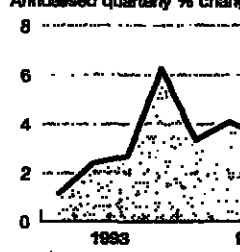
This was slower than the second quarter's 4.1 per cent pace but much faster than the 2.8 per cent to 3 per cent growth anticipated by private sector economists.

Although evidence of a still buoyant economy might have been expected to alarm financial markets, the signs of moderate inflation helped to lift bond and share prices.

By 2pm in New York, the US 30-year Treasury bond had risen

US real GDP growth

Annualised quarterly % change



Source: Datastream

by a point, taking the yield back below the 8 per cent level it breached on Tuesday to 7.96 per cent. The Dow Jones Industrial Average was 51.47 higher at 3,926.62, having triggered the trading restrictions on the New York Stock Exchange that automatically follow a 50-point move in one session.

Wall Street's strength fed through to European equity markets, with the FT-SE 100 Index in

London closing 54.2 higher at 3,083.4.

In Paris, the CAC-40 index was up 2.6 per cent on the day, while in Frankfurt, the Dax index rose 1.9 per cent in after-hours trading. The GDP figures also buoyed the dollar, which rose 1 1/4 pence to close in London at DM1.5094.

Markets took heart from the implicit price deflator, which reflects changes in prices and in the composition of GDP. This rose by only 1.6 per cent, but was flattened by a sharp increase in import prices, which are not included in the domestic statistics. A more reliable inflationary indicator, the GDP fixed weight price index for domestic purchases, showed inflation remaining stable at an annual rate of 3.2 per cent.

Lex, Page 24; Currencies, Page 11; Wall Street, Page 21 and Weekend II; London Stocks, Page 13; Bonds, Page 10

STOCK MARKET INDICES

FT-SE 100: 3,083.4 (+54.2)	US LUNCHTIME RATES	STERLING	DOLLAR
Yield: 4.11	Federal Funds: 4 3/4%	New York lunchtime: 1.8205	New York lunchtime: 1.914
FT-SE Euroindex 100: 1,398.61	3-m Treas Bill: Yld. 5.134%	London: 1.8205	FF: 5.1715
FT-SE-A All-Share: 1,529.82 (+23.23)	Long Bond: 9 1/4%	London: 1.8225 (1.6377)	FF: 1.2645
Nikkei: 19,805.16 (+1.49%)	Yield: 7.960%	DM: 2.4506 (2.4519)	FF: 1.5094 (1.4972)
New York: 3,926.62 (+51.47)		FF: 2.3856 (2.3917)	FF: 1.6068 (1.6242)
Dow Jones Ind Ave: 3,924.27 (+48.12)		FF: 2.046 (2.0487)	FF: 1.2002 (1.251)
S & P Composite: 472.39 (+6.54)		FF: 168.029 (168.09)	FF: 97.335 (98.895)
		C Index: 80.7 (80.8)	S Index: 61.1 (60.7)
			Tokyo close Y 97.13

LONDON MONEY

3-m Interbank: 6% (same)

Life long gilt fut.: Dec 100 1/2 (Dec 100 1/4)

(same)

London: 5398.9 (5398.8)

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NEWS: INTERNATIONAL

Kohl's talks centre on spending cuts

By Michael Lindemann in Bonn

The three parties in Chancellor Helmut Kohl's new government emerged from their first session of talks yesterday, vowing to modernise Germany but promising to keep a very tight hold on its purse strings.

Savings, savings, savings - that really is the most important element of these talks, said Mr Werner Hoyer, the general secretary of the Free Democratic Party (FDP), the small liberal party which shores up the coalition between Mr Kohl's Christian Democratic Union (CDU) and the Christian Social Union (CSU), the CDU's more conservative Bavarian sister party.

The new government will reduce the federal civil service by 1 per cent - or 12,000 jobs - a year, make legislation simpler, introduce new laws to shorten notoriously complicated planning procedures and speed up court cases.

"Our country is in danger of becoming paralysed," said Mr Peter Hartz, general secretary of the CDU. "We have to work out why it is that we have the greatest number of judges per head of population in Europe but court cases still take longer than anywhere else."

Another priority, following the first round of talks which focussed on tax and economic policies, will be to cut back the *Staatsquote* - the proportion of gross national product which is consumed by government spending - by 5 per cent to 46 per cent, where it was before German reunification.

However, the parties would not say how much money would be saved by making cuts in social security spending, a thorny issue which has been thrust back on the agenda by

company losses who fear the new government will not do enough to cut Germany's high non-labor costs.

The three parties will continue talks until midday today and begin again on Wednesday.

Each of them has sent five people to the talks which are being chaired by Chancellor Kohl in the Bundeskanzleramt, his squat office complex. But for the occasional break, the negotiators are expected to remain huddled in there until mid-November.

The Bundestag, or lower chamber of parliament, will hold its opening session in Berlin on November 10 but all eyes are focused on Mr Kohl's re-election as chancellor, a vote which is expected to take place in the week beginning November 14.

However, the FDP has indicated it wants the coalition talks wrapped up and future ministers named before a vote is called. Following its dismal election result, the second worst since 1948, the party is under pressure to secure as many concessions as it can from the talks before guaranteeing its support for Mr Kohl whose new coalition has only a 10-seat majority in the Bundestag.

Mr Klaus Kinkel, the FDP leader, yesterday once again sought to stamp his leadership on the party which had to live through bitter and very public bouts of infighting after the election on October 18.

"The will to end the crisis in the FDP is there," Mr Kinkel said. "It is high time (to do so) unless we want forever to remain the party which is talked about more because of its squabbles than its policies."



Solzhenitsyn: accused Russia's leaders of indifference to suffering, incompetence, and corruption

POLITE APPLAUSE IN DUMA GREET'S SOLZHENITSYN'S MORAL OUTRAGE

By John Lloyd in Moscow

Alexander Solzhenitsyn, Russia's most famous living writer and symbol of resistance to communism, yesterday hurled a bolt of moral outrage at Russia's political leadership - accusing it of indifference to suffering, incompetence, betrayal of the state and gross corruption.

The 50-minute address to the State Duma (Lower House) contained all the themes the writer wove together in 20 years of exile, sharpened by his exposure to the Russian people through "hundreds of meetings and thousands of letters".

The people, he said, "have lost heart, they do not believe the reforms undertaken by this government are

in their interests". Yet his moving articulation of the plight of his fellow countrymen was rewarded with perfunctory applause by deputies.

"Russia," he said, "is not a democracy but an oligarchy - power of a very limited number of people. People who know I was to talk here said to me: 'Tell the duma, tell the president, about what simple people have in their hearts'."

The authorities, he said, had few links with the "sickness of the country". People at the grass roots had practically been excluded from public life. "Everything goes on to one side of them. They have only one miserable choice - to drag out a lowly and humble existence, or to cheat on the

state and each other." In a direct attack on President Boris Yeltsin and the reformers in government, he said the sale of land was tantamount to "selling Russia". On privatisation he said the process "had taught 70m people a very hard lesson - never believe the state and never work honestly."

He restated two major themes of his political writing. The first of these was the demand to end the "lifeless" Commonwealth of Independent States in favour of a new federal state composed of the Slav countries - Russia, Ukraine and Belarus, with Kazakhstan.

The second was to recreate the network of *zemstvos*, rural councils of the kind operating at the turn of the century.

Balance in Bosnia shifts Moslems' way

By Bruce Clark

Bosnian Moslem forces were yesterday consolidating their grip on 80 square miles of territory in the far north of the republic, seized in a lightning offensive over the past three days.

Their Bosnian Serb enemies - isolated from their protectors in Belgrade and facing a growing shortage of fuel - were caught unawares by the onslaught and abandoned armour and equipment as they fled, according to the UN.

In other potentially ominous developments for the Bosnian Serbs, government forces mounted an assault near the stronghold of Kupres, west of Sarajevo, and the UN and Nato agreed on new procedures for air strikes.

General Dragomir Milosevic, a Bosnian Serb commander, pledged to retaliate by shelling "selected targets" in Sarajevo. This amounted to a threat to restart the brutal bombardment of the Bosnian capital which ended in February.

In a clear reference to air strikes, the UN commander General Sir Michael Rose responded by saying: "If they shell Sarajevo, they know what they can expect."

The Moslem successes reflect a gradual shift in the balance of military power inside Bosnia, thanks to clandestine supplies of light arms and the "over-stretched" condition of the Bosnian Serb army as it struggles to hold on to 70 per cent of the republic's territory.

The flare-up in Bosnian fighting coincides with a breakthrough in international efforts to achieve a broad reconciliation between Serbs and Croats.

Lord Owen and Mr Thorvald Stoltenberg, the mediators on former Yugoslavia, announced that Zagreb and Belgrade would start regular consultations on normalising their relations.

Serbia's President Slobodan Milosevic has been told by western countries and Russia that he should recognize Croatia as a precondition for further easing of UN sanctions against his country.

On the face of things, both the Bosnian fighting and the peace moves in Croatia are part of a single process: the

decision by Mr Milosevic to seek international favour and sever or at least loosen ties with his former protectors in both neighbouring republics.

Under one scenario, a Belgrade-Zagreb reconciliation would deepen the Bosnian Serbs' isolation and make them more willing to sue for peace on terms acceptable to the world.

A strategic deal between Mr Milosevic and the Croatian government could also neutralize the influence of the stridently nationalist politicians who now control Serb-occupied areas of Croatia.

As things now stand, those politicians are good friends of Mr Radovan Karadzic, the Bosnian Serb leader and champion of Serb nationalism in its most diabolic form.

Few observers see any prospect of the Bosnian partition plan devised by four western nations and Russia being accepted in its current form, and there is scant possibility of the plan's sponsors changing it.

But as French officials have pointed out several times, that does not stop the warring parties agreeing among themselves to alter the plan - if and when they all feel that military options have been exhausted.

However the latest developments could have other, much less happy consequences.

One possibility is that a reversal of the Bosnian Serbs' fortunes will put President Milosevic, and conceivably his friends in Moscow, under unbearable pressure to come to the rescue of Mr Karadzic.

Another danger - mentioned recently by General Bertrand de Lapresle, UN commander in ex-Yugoslavia - is that Moslem military successes will put strain on the delicate relations between Moslems and Croats.

"If the Moslems have too strong an army, that could frighten the Bosnian Croats and render fragile the Croat-Moslem federation," the French general recently told the French newspaper *Le Monde*.

A third possibility is that even if the Bosnian Serbs eventually seek peace on humiliating terms, there will then be little appetite for compromise among the Moslems' battle-hardened commanders.

Rome names EU commissioners

By Robert Graham in Rome

The partners in Italy's right wing coalition yesterday patched up a compromise deal and named their new European Union commissioners.

Prime Minister Silvio Berlusconi yesterday named Mr Mario Monti, a respected economist, and Ms Emma Bonino, a Radical Party politician, to fill Italy's two posts.

The last-minute appointments, a day before new commission president Jacques Santer is due to meet his team and assign portfolios, ended weeks of political arm-wrestling in Berlusconi's coalition over whom to send to Brussels.

The compromise followed two months of indecision. In September broad agreement had been reached on Mr Monti, who is head of Milan's Bocconi University, for one of the economic portfolios.

The coalition partners decided that with one "technician", the other had to be a

politician of some weight.

The populist Northern League argued that one of their members be the commissioner as the coalition group with the largest number of deputies. Mr Umberto Bossi, the League leader, proposed Mr Francesco Speroni, Minister of Institutional Reform, as their candidate.

Mr Berlusconi's own party Forza Italia, and their main allies the Neo-Fascist MSI National Alliance, were against giving the league this prize when Mr Umberto Bossi, had consistently done his best to embarrass the government. As an alternative, Mr Giorgio Napolitano, the former speaker of the Chamber of Deputies and a veteran of the communist party and its successor the Party of the Democratic Left (PDS), was also suggested.

However, Ms Emma Bonino, who has extensive experience of the European Parliament, was chosen as a compromise by Mr Berlusconi.

Getting dirty in Delaware

By Jurek Martin in Wilmington

Delaware, the first state in the US to pass a constitution but the second smallest in land area, rarely lites the headlines, unless they are made by a Du Pont company or family. But, politically, this year is rather different. It is one of the very few states where a Republican incumbent, Senator Bill Roth, is in measurable danger. His defeat could mean the Democrats keep control of the Senate. His Democratic opponent, Charlie Oberly, is running a campaign lifted from the Republican anti-incumbent handbook. Perhaps most shocking of all for a state where moderation is rated a virtue, Delaware is witnessing a dirty race.

Senator Roth, now 73, has been a fixture in Washington for 28 years, the last 24 in the Senate. This fits the Delaware tradition. No incumbent has been voted out of office in the last decade and Joseph Biden, the state's Democratic senator, was elected in 1972.

Dour and taut, Mr Roth has compiled a solid record for his state and sometimes on national issues without ever being rated a political heavyweight. The Kemp-Roth tax cut proposals of the late 1970s were a precursor of Reagan administration policies, while his advocacy of personal pension plans, known as "Roth's" independent retirement accounts, has been second to none.

Mr Oberly, 47, and a three-time state attorney general, is taking aim at this longevity, calculating that national discontent with the political establishment in the capital applies to Republicans as much as it does to Democrats.

He has sought to make Mr Roth's age an issue, with one commercial showing his opponent trudging along the campaign trail in slow motion. He has also recalled that early in his career Mr Roth proposed a constitutional amendment banning senators from seeking reelection after their 70th birthday (the senator put this down to "the folly of my youth").

The Roth counter is that the state needs a person of his seniority, 10th in the Senate, to keep "the big chickens" of Washington in check. One of his advertisements says he would never consider ending the tax deduction on mortgage interest payments - not that Mr Oberly appears to have said it should be removed.

This may seem pallid stuff by the debased standards of the campaign in neighbouring Virginia, but this week Delaware has become much rougher. Mr Roth has charged that, as attorney general, Mr Oberly refused to recommend a sentence of life without parole for a murderer. Mr Oberly said that incident, in 1990, was the result of a racist letter, presented him and was remedied within 15 days. His campaign immediately portrayed the Roth accusation as an attempt to replay the "Willie Horton" card - referring to the 1988 presidential election commercial that sought to portray Mr Michael Dukakis as soft on crime.

This descent to the relative political gutter seems to displease the state's accretion to the Allan Louder, programme director of WILM, the excellent local radio news station. There is division, however, as to who started it.

polling data only comes from the two campaigns. The senator's polls still have him ahead by more than ten points, much less in the summer, while Mr Oberly's put his deficit in single digits and declining.

US taking tougher antitrust stance

George Graham on the trend to more active intervention in competition questions

The US Federal Trade Commission's decision to challenge BAT Industries' \$1bn bid to take over American Tobacco has raised questions about whether the US government is taking a more aggressive approach to competition questions under the Clinton administration.

Washington antitrust lawyers say that the evidence of a tougher approach is clear at the Justice Department, which shares jurisdiction over antitrust questions with the FTC, but note that all three FTC commissioners who took part in the BAT decision were appointed by President Ronald Reagan or President George Bush.

One commissioner, Ms Christine Varney, has been appointed by President Bill Clinton, but she has only just started work at the commission and did not vote on BAT. Mr Clinton's nominees for the chairmanship, Mr Robert Pitofsky, has not yet been confirmed by the Senate.

In addition, almost all the senior staff at the commission have been in place for several years. Some FTC lawyers also argue that the kinds of merger they are being asked to examine are different from the typical merger of the 1980s, which often involved companies in different sectors with few overlapping markets.

Yet competition lawyers say the change in approach is palpable not just at the Justice

Department, where assistant attorney general Anne Bingaman has taken on issues that have not been touched in recent years, but also at the FTC.

"Both agencies have become much more aggressive both on matters of substance and on procedural matters," says one former government antitrust lawyer.

Other legal experts say that although Commissioner Roscoe Starek is noticeably conservative in his approach to antitrust questions, Commissioner Janet Steiger, the acting chair, and Commissioner Mary Azcunaga are more accurately labelled independents. Both are thought to be interested in winning reappointment from the Clinton administration.

On the matter of substance, the Justice Department has filed the first cases for a decade involving US claims of jurisdiction over anti-competitive action overseas affecting US exporters, rather than US consumers.

The FTC, meanwhile, is believed by Washington lawyers to be looking at bringing some cases involving vertical competition questions, where the relationship may be between supplier and customer, rather than the horizontal relationship between two competitors that is involved in the BAT case.

Some FTC staff lawyers are also looking for a case that would challenge earlier doctrine on the existence of poten-

tial competition. The government can overlook the fact that a merger between two competitors would substantially increase concentration in a particular market if it believes the market to be open to potential new competitors. But current doctrine requires good evidence that someone actually intends to enter the market, rather than just theoretical evidence that someone could easily do so.

In procedural matters, antitrust lawyers say the two agencies have been competing aggressively for cases, and the decision on which one should look at a particular merger is being taken later and later in the process.

Though mergers in some sectors such as airlines are allocated by law to Justice, the decision is mostly taken at the staff level on the basis of which agency has most expertise in the sector. The FTC generally investigates soft drinks, for example, while Justice takes beer, and the FTC has in the past generally taken tobacco industry mergers.

The two fought long and hard for jurisdiction over the big merger between Martin Marietta and Lockheed, with the FTC eventually winning possession.

This means that when the case is eventually allotted to the FTC or Justice, the government's lawyers are running out of time to investigate the case in the initial period allowed by the law. They are thus filing more and more "second requests" for information, which extends the deadline for a decision but also requires companies to produce much more documentation at great expense.

When Mr Pitofsky eventually takes office, few doubt that he will carry on the trend to more active intervention in competition questions. In an influential article on antitrust published in a policy competition presented to Mr Clinton by the Citizens Transition Project just after his election in 1992, Mr Pitofsky argued for an immediate revival of enforcement "to undo the damage of a decade of trivialising and blaming antitrust".

is genuinely a bizarre ruling by the FTC because the cigarette market would never accept price rises," said a leading London analyst. But with the court outcome unpredictable because of political overtones, "BAT has an even chance, perhaps no better, of winning."

The FTC goes to court in New York City on Monday to seek a temporary injunction to block BAT's \$1bn purchase of American Tobacco from American Brands. A full trial will begin in the first week of December.

If BAT loses it could appeal to the federal second circuit appeals court. There would be insufficient time to take the case to the Supreme Court because BAT's option on American Tobacco expires next April.

BAT uphill task to secure deal

By Roderick Oram, Consumer Industries Editor

BAT Industries can make a good case that its takeover of American Tobacco will increase competition in the US cigarette market but it faces an uphill battle to win court approval for the deal, analysts said yesterday. The Federal Trade Commission is trying to halt the acquisition because it believes a reduction in the number of manufacturers will make it easier for those remaining to set prices to their advantage. "I find BAT to be very price competitive," said Ms Diana Temple of Salomon Brothers in New York. "but it will be hard for BAT to get the FTC's opposition overturned in court." "It

is a genuinely a bizarre ruling by the FTC because the cigarette market would never accept price rises," said a leading London analyst. But with the court outcome unpredictable because of political overtones, "BAT has an even chance, perhaps no better, of winning."

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Asterix birthday celebrations hit by real-life tussle

Andrew Jack looks at the infighting in the French companies behind the successful sword-wielding cartoon character

Asterix might do well to consider changing his name as he turns thirty-five years old today. Megaforce would suit the mustachioed, sword-wielding midget well. The once-rebellious cartoon book character has found himself sitting on a goldmine in his native kingdom of Gaul.

Celebrations are well in hand for the anniversary of the first edition on 29 October 1959 of *Pilote*, the French children's magazine in which the village of invincible Gauls resisting their Roman oppressors first appeared, words penned by Albert Goscinny and drawings by René Uderzo.

"I'm very happy," says Mr Uderzo, reflecting on his feelings yesterday. He is also rather surprised, and quite unable to explain the idea's sustained popularity. "I didn't expect success like this over such a long time at all. It's a mystery."

But not all those involved in creating the Asterix phenomenon will be raising their goblets around the

feasting table as they do at the end of each of the books. In real life, unknown to millions of fans, a battle is taking place just as vicious as any of the fictional plots.

There is no disputing the success of the Asterix bandwagon. More than 250m copies of the 29 albums have been sold around the world. Editions Albert René, which now publishes the books, reported turnover of FF155m (£5.4m) last year, while Dargaud, the original publisher, still generates almost as much again.

There have been six animated Asterix films, with the latest used as the centrepiece for a marketing campaign across Europe by McDonalds. Another is in train, and there are discussions about one starring real actors including Gerard Philipe as Obelix (who polls show to be even more popular than Asterix).

There is even an Asterix theme park on the outskirts of Paris, which has just broken into profits after five years and attracted 1.5m visitors this

year. One survey showed that more than half of the French population could spontaneously name Asterix - higher than for either Mickey Mouse or Tintin.

Some argue that the success of the books has been to create a series of characters who are uniquely and defiantly French, with stories which work on many different levels with clever wordplays to appeal to adults as well as children.

Yet Asterix also appeals in other countries. While more than 94m albums have sold in France, another 82m have been bought by Germans, followed by the British at 19m. Asterix has been printed in 57 languages and dialects, including Latin. The latest interest has come from Slovenia and Croatian companies. "We work with humourists more than translators when publishing the books in other languages," says Mr Claude de Saint Vincent, chairman of Dargaud.

He is equally mystified by the obviously contagious effect of the

"magic potion" handed out by the village sorcerer Panoramix. "If I knew the secret, I would do another one," he says. "But it came at a time before TV, videos, computers and video games. There were not so many distractions for readers."

But some of the Asterix magic has now worn off. Mr de Saint Vincent believes the market is now mature, boosted occasionally with the publication of new albums - and perhaps greater penetration in the UK. His company will receive none of the profits from the most recent five books - nor will it from any published in the future.

The reason is a bitter dispute which developed between Dargaud, which owned *Pilote*, and Goscinny and Uderzo. It culminated in a Parisian courtroom, with Uderzo trying to win all the rights to the back titles. He lost on appeal this summer, but retains ownership of the Asterix character and freedom to profit from new productions. He has not spoken to Dargaud since.

which has had its offers of help in the birthday celebrations ignored. Goscinny, the author, died in 1977 but Uderzo decided to carry on alone, producing both words and drawings. Some readers feel however that few would dare to say so in public - that the quality of the Asterix books has declined with the end of the old partnership.

Uderzo, aged 67, says he has no plans to stop. But his struggles are not confined to the drawing board. In 1979 Uderzo managed to break away from Dargaud to found his own company, Editions Albert René. He gave Goscinny's widow 20 per cent of the shares, keeping the rest for himself.

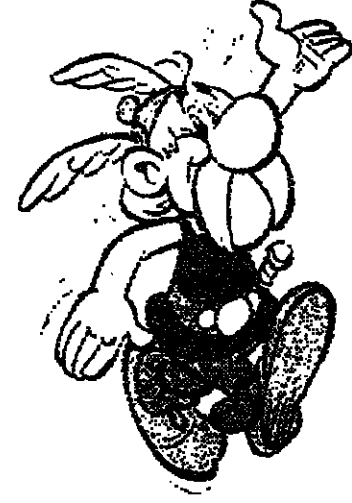
She has now also died, and her 26-year old daughter Anne has started legal action against Uderzo, claiming that her family did not receive a fair share of support or profits. "I am very happy about the success of the character - in the way it was created with my father," she says.

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Left: Editions Albert René/Comix/Uderzo

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Published by The Financial Times
Group, 100 Brook Street, London W1A 1AA.
Telephone: 020 7556 7000. Fax: 020 7556 7001.
Telex: 020 7556 7000. Cable: 020 7556 7000.
E-mail: ft@ft.com. Internet: www.ft.com.
Subscription prices: £120 per annum (UK), £140 (overseas).
Single copies: 50p (UK), 60p (overseas).
Advertising rates: £100 per line (UK), £120 (overseas).
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INTERNATIONAL NEWS DIGEST

New trademark treaty agreed

A new international treaty to simplify protection of trademarks was signed in Geneva yesterday after five years of negotiation involving nearly 100 countries. The Trademark Law Treaty, negotiated under the auspices of the World Intellectual Property Organisation (Wipo), will make it easier for companies to register trademarks, including service marks, in their home countries and internationally. It will come into force three months after a minimum of five countries have formally ratified it.

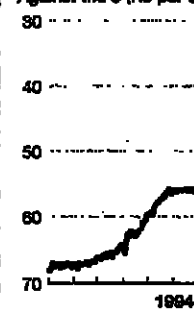
Some 300,000 registered trademarks used internationally are lodged with Wipo, but the total registered worldwide with national trademark authorities is put at 7m. The new treaty lays down common procedures for national trademark registration, cuts down on red tape, harmonises the duration of initial and renewal registration to ten years and gives service marks the same legal status as trademarks.

Among 35 states which signed the treaty yesterday were the US, Russia, China, six European Union members including Britain, several east European nations and a number of developing countries. *Frances Williams, Geneva*

Kenya shilling falls sharply

Kenyan shilling

Against the \$ (Ks per \$)



Source: Datastream

The Kenyan shilling plunged against the dollar yesterday by more than 20 per cent in panic selling caused by the liberalisation of the oil industry. Several banks, including Barclays, Standard Chartered and Citibank, quoted the shilling at an average of 43.83 against the dollar, down from 35.45 on Thursday. The liberalisation from midnight on Thursday and expectations of an instant demand for dollars as oil companies moved to build up their oil stocks. "The rush by some oil companies and manufacturers... to finance stocks for the next three months or so has resulted in an excessive demand for dollars, causing the exchange rate to depreciate," said Mr Micah Chersom, central bank governor. He said the panic buying of dollars was unjustified as his bank held hard currency reserves in excess of \$800m, "sufficient to meet the country's import requirements for the next six months". *Reuter, Nairobi*

Seoul cabinet survives censure

The South Korean cabinet yesterday survived a no-confidence motion in parliament that had been tabled by the opposition to protest at the government's alleged mismanagement in connection with the collapse of a Seoul bridge last week. The accident, which killed 32 people, is blamed on poor maintenance of the 15-year-old bridge. The parliament supported Prime Minister Lee Yung-dug by a vote of 174 to 116. The result had been expected since the ruling Democratic Liberal party controls 177 seats in the 299-member National Assembly. *John Burton, Seoul*

Macedonia poll boycott urged

Macedonia's nationalist opposition parties have called for a boycott of tomorrow's second round of parliamentary elections, accusing the government of electoral fraud in the first round vote two weeks ago. Both the hardline internal Macedonian Revolutionary Movement (VMRO), which lost support in the first round, and the newly founded Democratic Party are pressing for new elections. International monitors have said fraud was not widespread, but the official electoral commission admitted that 10 per cent of Macedonia's 1.3m voters were not included in constituency registers but said they would still be able to cast ballots.

President Kiro Gligorov, comfortably re-elected in the first-round ballot, appealed to voters to participate, saying the former Yugoslav republic's record of a smooth transition to democracy was at stake. The former communist Alliance for Macedonia, backed by Mr Gligorov, said it won 32.1 per cent of the first-round vote compared with 14.4 per cent for VMRO and 11.2 per cent for the Democratic Party. *Karin Hope, Athens*

Poland, Russia to settle debts

Poland and Russia have agreed to settle their mutual debts in an agreement finalised on Thursday. Poland's finance ministry announced yesterday. The deal, which will be signed next week during a visit to Poland by Mr Victor Chernomyrdin, the Russian prime minister, foresees a mutual cancelling of the debts which date back from when the two countries were part of the former East Bloc. Poland, has also agreed to make an additional payment to Russia worth \$160m which the ministry says will "close the debt issue with Russia". At the last count Poland owed Russia \$2.3bn and 5.2bn in transferable roubles (a non convertible Comecon unit of account which no longer exists) while Poland was owed \$34m and 6.3m transferable roubles. All were debts left over from a trade account in the former Comecon trade bloc. *Christopher Bobinski, Warsaw*

Vox shareholder hurdle cleared

Vox, the ailing German private television station, yesterday cleared another hurdle on its way to recovery when four state television authorities approved the channel's new shareholder structure. However, final approval rests with the remaining 12 state television authorities who still have not agreed to the new ownership. Vox, based in Cologne, was launched at the beginning of 1993 but failed to attract viewers because of an unattractive programme mix. The six original shareholders fell out and the channel went into liquidation on April 1. After months of negotiations with Bertelsmann, the German media group which has been the driving force behind Vox, Mr Rupert Murdoch's News Corporation took a 49.9 per cent stake in the station in early July. Bertelsmann holds 24.9 per cent and Canal Plus, the French station, holds a further 24.9 per cent. *Michael Lindemann, Bonn*

Carignon appeal rejected

Mr Alain Carignon, the former French communications minister who resigned in July following a corruption scandal, faces continued detention in a Lyon prison after his appeal was rejected yesterday. Mr Henri Blondet, the presiding judge, said there was "serious, detailed, and corroborated evidence" against the former minister, and is charged with accepting gifts from business groups and arranging the rescue of his indebted campaign newspaper by a utilities company. In return, it is alleged that a water privatisation contract in the city of Grenoble, where Mr Carignon is mayor, was awarded to the utilities company. The Carignon investigation is one of a series of corruption probes which have rocked the centre-right government of prime minister Edouard Balladur and French business this year. *John Ridding, Paris*

Russia faces budget hurdle

Mr Andrei Vavilov, the Russian temporary acting finance minister, said yesterday that "we have a lot of work to do with the state duma on the budget" - an admission of the difficulties the finance ministry foresees in getting agreement on a budget which will further squeeze the Russian economy in an effort to bring inflation down. However, Mr Vyacheslav Kostikov, press secretary to President Boris Yeltsin, said yesterday the failure of a motion of no confidence on Thursday in the lower house would "ease political tension and avoid a government crisis". Mr Kostikov said reforms would get tougher - "it's clear the government won't be able to get the budget and in a larger sense for reform". *John Lloyd, Moscow*

Renamo drops Mozambique election boycott



Dhlakama: volte face after intense pressure

By Peter Stanley in Maputo and agencies

Mozambique's first multi-party elections were back on course last night after Mr Afonso Dhlakama, leader of the country's former rebel movement, reversed his eve of poll decision to stage a boycott.

The Renamo leader changed his mind under intense pressure from the United Nations, western countries that have helped fund the elections, and from neighbouring states, including South Africa.

It would have been made clear to him that he could expect no sympathy from either regional or international governments, and Mr Dhlakama may well have been

warned that the frontline group of southern African states were prepared to offer military assistance to the newly elected government of Mozambique should Renamo resume its guerrilla war.

"The fact that Zimbabwe had committed troops (to Mozambique) in the past was a strong incentive to Dhlakama to sit up and take notice," said Mr Greg Mills, director of studies at the South African Institute for International Affairs.

He said the sending by South Africa of Deputy President Thabo Mbeki and Deputy Foreign Minister Aziz Pahad, with the blessing of other regional states, to pressure Mr Dhlakama had shown the Renamo leader the depth of anger at

the boycott, which had threatened to unhinge years of work to restore peace in the impoverished country.

The boycott decision, said Mr Mills, announced only hours before polling began on Thursday, highlighted a deep split within Renamo, which fought a 16-year war against Mozambique's former Marxist rulers of President Joaquim Chissano's Frelimo party.

"There is a very big split within the (Renamo) party, with Dhlakama and his advisers on the one side and a large number of party officials who realised Renamo had very little option," said Mr Mills.

Mr Dhlakama changed his mind after negotiating with officials from the United Nations, western embassies and the National Election Commission. He declined to answer questions about his volte face.

The Commission extended the country's two-day presidential and parliamentary elections and voting will continue today. Mozambicans and African leaders had feared the Renamo boycott could lead to a renewal of the civil war which ended with a peace accord between Renamo and Frelimo two years ago.

"A shadow has been lifted with Dhlakama's decision," the United Nations special envoy to Mozambique, Mr Aldo Ajello, said.

Mr Ajello, in charge of the 7,000 strong UN peacekeeping

force, said his impression was that the election had gone well so far.

President Chissano, widely expected to be returned to the presidency and capture a majority of the 250 parliamentary seats at stake, welcomed the decision. "This is what all of us wanted," he said.

There remain doubts, however, about the Renamo leader's intentions, and many observers do not rule out the possibility that Mr Dhlakama will cry foul when the results are declared.

Final results are not expected until mid-November. Mr There are 12 presidential contenders and 14 political groups vying for a place in the assembly.

Malaysia foresees 8.5% growth

By Kieran Cooke in Kuala Lumpur

Mr Anwar Ibrahim, Malaysia's finance minister, yesterday unveiled a moderately expansionist budget for 1995 aimed at sustaining the country's economic growth while also controlling inflation.

Mr Anwar forecast that Malaysia's economy would grow by 8.5 per cent this year, the seventh consecutive year of growth exceeding 8 per cent. "While others are plodding along painfully, we are riding the waves of rapid economic growth," he said.

He proposed a series of tax cuts which would primarily

benefit lower income groups - and win support for the government of prime minister Dr Mahathir Mohamed in advance of elections likely to be held later this year or early next.

The maximum rate of individual income tax will be cut from 34 to 30 per cent while income tax will be abolished for a large segment of those on lower incomes.

"Thirty per cent of the total number of taxpayers will no longer have to pay income tax," said Mr Anwar.

Corporate tax will be cut by 2 per cent to 30 per cent in line with other countries in the region. Mr Anwar said the government intended to further

streamline investment procedures and announced a number of measures to encourage domestic investment.

The government says the inflation rate is 3.7 per cent. As part of the effort to overcome market imperfections and stabilise prices, import duties on more than 2,800 items - many of them foodstuffs - will be either reduced or abolished.

Due to a rapid growth in imports so far this year and a sharp rise in the deficit on the services account, Malaysia's current account balance of payments deficit is forecast to balloon to \$11.7bn (\$4.8bn), compared with an earlier official projection of

a surplus of \$81.5bn.

Measures to tackle the services deficit include increasing efficiency and capacity at ports and promoting the development of the Malaysian shipping industry.

Mr Anwar also announced a substantial increase in educational spending in order to meet serious skills shortages. He warned that wages in the first seven months of this year wages had risen by 6.7 per cent, compared with an increase in productivity of 2.2 per cent.

"While we may rightly rejoice in our success, let us not throw caution to the wind," he said.

Clinton reassures Kuwait over Iraq

President Bill Clinton arrived in Saudi Arabia on the final leg of his Middle East tour yesterday, having reassured Kuwait that Iraq would never again be allowed to threaten its security, write our Middle East staff.

"The United States and the international community will not allow Baghdad to threaten its neighbour, now or in the future," he said earlier in a brief visit to Kuwait.

"That is not a threat. That is a promise," he told an audience of US troops who had been rushed to the emirate following Iraq's military buildup on the border earlier this month.

Flanked by tanks and infantry fighting vehicles, Mr Clinton told hundreds of US, British, Kuwaiti and other Gulf Arab troops: "We will not permit Iraq to enhance its capability below the 32nd parallel," the line below which Iraq is barred from flying its warplanes.

Mr Clinton was greeted with placards proclaiming "Thank you, Mr President," and "Welcome, Mr President."

Washington announced on the eve of Mr Clinton's arrival in Kuwait that it was doubling its deployment of armor and attack jets in the Gulf to deter any military threat from Iraq.

Mr Clinton's final stop on his six-nation tour was at the northern Saudi military city of Rafh al-Batin where he was due to meet King Fahd before flying back to Washington.

Beating Mideast swords into ploughshares

Seven heads of government, 50 foreign ministers and more than 1,000 senior business executives from 60 countries began gathering in Casablanca yesterday for a three-day summit aimed at transforming the region's peace agreements into fuller economic integration.

Organisers of the most ambitious political and business networking session ever undertaken for the Middle East hope it will encourage a new partnership between the private and public sectors, new financing structures, including a \$10bn capitalised regional development bank, and solid moves towards realising hundreds of development projects.

Mr Klaus Schwab, president of the World Economic Forum, the Swiss-based think tank which jointly arranged the conference with the independent US Council on Foreign Relations, likened the meeting to the pioneering steps taken in the late 1950s which created today's European Union.

Mr Shimon Peres, Israel's foreign minister, the most outspoken advocate of Middle East economic integration, has called the conference a "pact for regional co-operation".

"Israel and many Arab countries are facing a new danger," he said, "one that cannot be fought by conventional means of guns or tanks: the spread of extreme movements. What fuels these movements is poverty, starvation and unemployment... the answer must be economic."

Not everyone in the region shares Mr Peres' optimism. Syria and Lebanon are boycott-

ing the summit and neither is prepared to join any multilateral talks including Israel until a full Syrian-Israeli peace is agreed.

Some Arab officials taking part have also voiced scepticism at the scale of the conference's ambitions.

Mark Nicholson and Julian Ozanne on the peace summit in Casablanca

Israel has submitted a detailed list of projects worth up to \$27n over 10 years.

Some are immediately practicable: like linking electricity grids; water conservation and desalination plants; regional agriculture research and development; shared use of ports and airports and the development of huge tourism centres.

Others will require more time and political will, like a Beirut-Tel Aviv-Cairo-East Mediterranean coastal motorway, gas and oil pipelines from the Gulf to Israel's Mediterranean ports and plans to buy water from Turkey.

Israel and Jordan, the two countries most enthusiastic and perhaps best prepared for economic integration, will jointly present plans developed in a trilateral economic commission with the US for the cross-border development of the valley which divides the two states.

Jordan, whose delegation will be headed by Crown

Prince Hassan, also hopes to create a permanent process from Casablanca. "We're already discussing a sequel to it in Amman in the spring and are hoping to create a permanent secretariat," said Mr Ahmed Mango, the Crown Prince's economic adviser.

Mr Peres has promoted the creation of a Middle East development bank, with initial capital of \$10bn. Modelled on the European Bank for Reconstruction and Development, it would principally make capital investments and long-term loans to finance regional infrastructure projects, provide technical assistance for projects and raise money on international capital markets. The new bank would also create a Middle East OECD as a forum for regional economic policy.

Israel also hopes in Casablanca to get western governments to commit themselves to an expanded programme of government guarantees, political risk insurance and export financing for regional projects.

But the summit's most enthusiastic proponents believe the core task will be to bring the private sector more solidly into the development of a region which, among Arab states notably, has lain overwhelmingly and often inefficiently in state hands.

Israeli companies alone are expected to present proposals for \$100m in joint ventures.

There has been no shortage of interest from outside the region with an estimated 1,100 business executives descending on the Moroccan city this weekend.

Invasion fever grips Taiwan

A book ignites fears China may send in troops, says Laura Tyson

Inauspicious celestial patterns and China's desire to reclaim the island of Taiwan have combined in a newly published best-seller to prompt the most severe bout of invasion fever to afflict the Taiwanese since the early 1950s.

Entitled "T-Day August 1995: The Warning of the Taiwan Strait War", the book constructs in blunt terms an elaborate scenario whereby China retakes the island while the world stands by.

According to the Book, on T-Day an attack will be led by elite paratroopers, who will land on the golf courses ringing the otherwise cluttered capital of Taipei.

Impossible? Yes. Impossible? Not necessarily.

China refuses to renounce the use of force to retake Taiwan and frequently reiterates its claim to sovereignty over the island. Ominous warnings from Beijing about military intervention have accompanied the growth of a Taiwanese independence movement, which does not want to be "reunited with the motherland", as China puts it. Critics dismiss the book as

politically motivated scaremongering. They charge that its publication in August was backed by right-wing elements in the ruling Kuomintang party and timed to dissuade Taiwan's middle-class from

dar, next year will have an extra eighth month.

Chinese believe that the insertion of a month portends either blessing or calamity, usually the latter. Previous leap-months coincided with the invasion of China by western powers in 1900, a bloody purge in China in 1956-57, and struggles following Mao's death in 1976.

"In Chinese history, the reason for starting a war is always fate, not economic advantage," said Mr James Chin, publisher of Business Weekly magazine, which published the book.

"The mentality of Chinese leaders is, 'If you don't respect me, I will teach you a lesson'. This has nothing to do with rational behaviour."

When Deng Xiaoping took power in the late 1970s, he is said to have outlined three dreams: China's economic reform; the return of Hong Kong; and reunification with Taiwan. The first has been largely achieved, the second is well in hand but the last is slipping away.

Mr Lu Yail, politics professor at National Taiwan University, said "tension has built up

across the Taiwan Strait", as Taipei's pursuit of an international role for Taiwan has "created speculation that the leaders in China are not happy".

He doesn't think China will invade, but understands the growing fears as part of the "psychology" of Taiwan.

With each election in recent years, the opposition parties sap power from the KMT which has ruled the island since 1949. Direct presidential elections scheduled for early 1996 will consolidate the democratic legitimacy of a government which has been transformed from a military dictatorship since 1987.

The policies of the KMT are converging with those of the DPP, and it is becoming clear that regardless of who wins the presidential elections it will essentially be on a platform of independence.

This could be an excuse for China to invade. China's domestic turmoil will also be a catalyst for an attack, the book argues.

An external conflict, whether successful or otherwise, will serve to distract from problems at home and consolidate the power of Deng's successors.

Boost for service jobs in Japan

By William Dawkins and Emiko Terazono in Tokyo

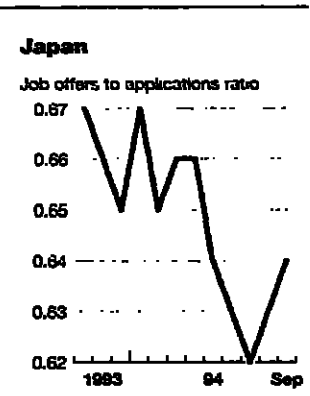
Japan's labour market continues to be weak, but the mild recovery is encouraging service industries to take on more staff, unemployment figures released yesterday show.

The unemployment rate hovered at 3 per cent for the third month in a row in September, just below the 3.1 per cent record set in May 1987, the labour ministry said. A faint glimmer of improvement was evident in a rise in the number of jobs on offer, from 63 per 100 applicants in August, to 64 in September.

However, the improvement in the job seekers' ratio may be fragile because it was entirely thanks to a possibly seasonal fall in the number of applicants over that period. Taken over the year to September, by contrast, the number of people looking for a job rose by 8.3 per cent.

Industrial production for September fell 1.5 per cent from a month earlier, a sharper decline than was previously expected by private economists. The figure was partly affected by the upward revision of industrial production data for August, which rose 3.9 per cent from the previous month.

Shipments fell by 3 per cent on the month while the inventory index rose 1.5 per cent. The inventory to shipments ratio for the month, which fell by 3.1 points in August due to



Source: Ministry of Labour

brisk retail sales, rose 3.5 points.

Production of electrical machinery fell 7.9 per cent, metal products dropped 4.9 per cent and "other manufactured goods" declined 9.2 per cent. Precision machinery rose 4.7 per cent and transportation equipment advanced 3.9 per cent.

The latest employment figures suggest that the main hope for a recovery in the labour market rests with service industries, where productivity is low by international standards.

Employment by service companies rose 2.9 per cent in the year to September, while manufacturing jobs fell by slightly more, 3 per cent, over the same period.

Overall employment is now greater in services than manufacturing, according to Mr Geoffrey Barker, chief economist at Barings Securities.

Consumer prices in Tokyo jumped by 0.8 per cent in the year to October, from a 0.2 per cent rise in September, reflecting a rise in food prices caused by the hot summer.

Excluding food, the core inflation rate remained unchanged at 0.5 per cent, confirming that there is little inflationary pressure as the recovery gets under way.

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NEWS: UK

Scottish Hydro-Electric says Offer controls will curb distribution investment

MMC to rule on power price row

By Michael Smith

Offer, the electricity regulator, is to ask the Monopolies and Mergers Commission to adjudicate after Scottish Hydro-Electric, the power company, announced yesterday it was not accepting price controls due to take effect next April.

It will be the first MMC referral made by Professor Stephen Littlechild, Offer director-general. Offer director-general announced the price controls and regional power companies in England and Wales have already done so.

The referral results from circumstances unique to Hydro.

But analysts said yesterday that it could have wider implications. Although it is unlikely that the reviews of the other companies will be re-opened to allow changes, the MMC may look at how Prof Littlechild reached his conclusions throughout the sector. "There is a danger for him that they will say he got it wrong," said one analyst.

Hydro's share price was steady yesterday, with most investors taking the view that it could gain but was unlikely to lose as a result of a review. The shares are already on the highest yield, and therefore the lowest rating, in the sector.

The company said it would continue its policy, effective to the end of this year, of increasing dividends annually by between 6 per cent and 8 per cent in real terms.

Hydro said yesterday that its prime concern was that Prof Littlechild's review implied a rate of return for the distribution business which, at 2 per cent, would effectively prevent funding the proper level of maintenance. All other companies in the sector will enjoy a considerably higher rate of return following their reviews, with the regional companies on about 7 per cent and Scottish Power 6 per cent.

Mr Roger Young, Hydro's chief executive, said without a change to the price controls his company would not be able to invest in its distribution business. "If we do not invest then shareholders' assets crumble and the number of power cuts rises."

"The acceptance of these proposals would place Hydro in an even more difficult position at the next price control review in 1999. The regulatory rules preclude unauthorised cross-subsidy of distribution from other business activities."

Hydro said it expected to be able to continue cutting electricity prices even with "more

appropriate" price controls. It already had among the lowest domestic prices in Britain.

The company is also challenging the "Hydro benefit" system which allows the company to cross-subsidise the transmission and distribution businesses from generation. It said it agreed with the principle of the system but not the mechanism for bringing it into practice.

The MMC reference is likely to take at least six months. Offer said it would hope to announce terms of reference in the next few weeks.

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Forum strains Dublin-London relations

By John Murray Brown in Dublin

New signs of strain between London and Dublin emerged yesterday over a framework document for Northern Ireland as Irish prime minister Mr Albert Reynolds outlined his hopes for the Forum for Peace and Reconciliation.

Mr Reynolds was clearly disappointed at the decision of the British ambassador Mr David Blatherwick not to attend the opening day.

Downing Street said the ambassador declined because

of the presence of Sinn Féin, with which London has not entered into exploratory talks.

Mr Gerry Adams, leader of Sinn Féin, the IRA's political wing, described the British move as petty. "It's an indication of the British attitude not just to the peace process, but also to the Irish government," he said.

In another remark unlikely to comfort London, Mr Reynolds appeared to link the issue of the "disposal of arms" with a British decision to withdraw "troops to barracks". London insists that weapons should be

decommissioned before Sinn Féin is allowed into substantive talks.

The forum gathering in Dublin Castle comprised leaders of the constitutional parties of the south, together with Sinn Féin, the moderate nationalist Social Democratic and Labour party and the non-sectarian alliance of Northern Ireland.

Amid public confusion over the purposes of the forum, particularly with the absence of the main unionist parties of the north, Mr Reynolds stressed that "no one should be in any doubt about the value

or the importance of its work".

He said the forum would "establish for the first time in our history some measure of agreement on future structures governing relationships within Northern Ireland, between north and south and between Ireland and Britain," a reference to the so-called three strands of the current Anglo-Irish talks. Mr Reynolds also held out the prospect of a debate on constitutional change, as foreshadowed in the Downing Street declaration.

Northern Ireland as stated in Article 2 of its 1937 constitution as a necessary first step to appease unionist misgivings before a comprehensive agreement can be concluded.

Mr Reynolds said: "The Irish government will only subscribe to a joint framework document if we are satisfied that it can form the basis for negotiating a new and deep accommodation, and that it can provide secure foundations for a just and lasting peace."

This for the first time held out the possibility that agreement may not be concluded.

Islands win top marks for best-value schools

By John Authers

In education, the best value for money seems to lie offshore. A rough analysis of the value for money which independent schools offer, based on the FT-1000 ranking of their A-level results published today in the Financial Times, shows that the top two day schools in the British Isles are both in the Channel Islands.

Guernsey Ladies' College charges £559 a term, compared with an average for the UK of £1,372, while Victoria

College, Jersey, charges £559. Among boarding schools, the best value is St Mary's, in Shaftesbury, Dorset. Girls' boarding schools performed well, accounting for all top four places. But prestigious boys' schools still ranked highly, even after their fees were taken into account, with Eton offering best value among boys' boarding schools.

The list of day schools includes several big-city independent grammar schools, such as Withington Girls' School, Manchester Grammar,

and King Edward VI girls' school in Birmingham.

The rankings take no account of the degree to which schools select their entry, or of extra-curricular activities. Value-for-money rankings were derived by dividing schools' A-level scores by their fees. This favours selective academic schools, and those listed here do not necessarily offer best value for children not academically gifted.

FT Top 1000 Schools, separate section

INDEPENDENT SCHOOLS: VALUE FOR MONEY?

FT1000 A-level Ranking	School	Town	Fees per term (£)
DAY SCHOOLS			
115	Ladies' College	Guernsey	675
405	Victoria College	Jersey	559
18	Withington Girls'	Manchester	1195
134	St Michael's	Llanelli, S Wales	1015
37	Bablake School	Covertry	1165
64	Royal Grammar	Newcastle upon Tyne	1147
7	Manchester Grammar	Manchester	1330
21	Bradford Grammar	Bradford	1270
9	King Edward VI	Birmingham	1340
229	St Dominic's Priory	Stone, Staffs	1014
BOARDING SCHOOLS			
109	St Mary's School	Shaftesbury, Dorset	3100
19	Bedford School	Bedford	3575
207	Casterton School	Kirby, Cumbria	2894
14	Malvern Girls'	Malvern, Hereford	3675
2	Eton College	Windsor Berks	4128
190	Perrins College	Colwyn Bay, N Wales	2990
101	Tudor Hall School	Barbury, Oxon	3285
8	Downe House	Newbury, Berks	3945
4	Wichamstead College	Wichamstead, W Sussex	4285
165	St Leonard's	Mayfield, E Sussex	3165

RJB to offer miners deal if bid succeeds

By David Goodhart, Labour Editor

Mr Richard Budge, the chief executive of RJB Mining, is expected to offer miners a new three-year contract for his £900m bid to take over British Coal's English mines is successful.

Mr Budge says that such a deal would provide greater security for the 7,000 miners he is expected to inherit with the pits. However another advantage of the offer is that it would supersede the European Union's acquired rights directive - known as Tupe - which covers the transfer.

Tupe preserves most aspects of pay - including pensions - conditions, and union recognition, when a business is transferred to a new owner. It also means that any redundancies will attract the British Coal pay-off of up to £27,000.

Mr Budge says that he is not worried by Tupe and that it has been taken into account in his bid price. He also says he is contemplating only "dozens" of redundancies on the basis of the current transfer figure of 7,000 people.

Today he will seek to calm anxieties about the transfer before a group of Union of Democratic Mineworkers officials in Mansfield. He will say that he has few ambitions to change working practices.

However he is known to want to end the incentive bonus scheme which pays a significant minority of miners up to £1,000 per week.

Mr Neal Greatrex, leader of the UDM, which was involved

UK coal sales could be given a boost later this decade as a result of negotiations to build a combined heat and power plant in the north-west of England, Michael Smith writes.

The proposed plant for the Northwich, Cheshire, site of Brunner Mond, the chemicals company, would use 1m tonnes of coal a year, replacing a facility that uses just a fifth of that amount.

It would be the first significant coal-fired power station to be built in several years and would provide a substantial fillip to the coal industry which has lost out recently to gas in power generation.

Brunner Mond is considering the possibility of a joint venture on the clean coal technology project with Manweb, the electricity company, and IVO, the Finnish power group,

in a rival bid, remains suspicious of Mr Budge. "He's over-stretched, himself... our legal advice suggests he won't be able to compensate by reducing wages."

Other union leaders such as Mr Doug Bulmer, president of BACM, the colliery managers' unions, are more supportive. Mr Bulmer says that without British Coal's liabilities Mr Budge will be able to produce coal at less than £24 per tonne compared with about £32 per tonne now.

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UK Companies, Page 8

ENTE NAZIONALE PER L'ENERGIA ELETTRICA S.p.A.

LIT 500,000,000,000 FLOATING RATE NOTES DUE 2000

In accordance with the provisions of the above mentioned Notes, notice is hereby given as follows:

- Interest period: 28th October 1994 to 28th April 1995
- Interest payment date: 28th April 1995
- Interest rate: 9.125% per annum
- Coupon amounts: LIT 230,660 per Note of LIT 5,000,000

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Eggar supports Europe

By Ivor Owen, Parliamentary Correspondent

Britain outside the European Union would be "just an irrelevant island", Mr Tim Eggar, energy minister, warned in the Commons yesterday in dismissing suggestions that withdrawal was a viable option.

He did not dispute assertions by Labour MPs that his words were principally aimed at Mr Norman Lamont, the former chancellor, who recently branded as "simplistic" those who argue that such a course is unthinkable.

Mr Stuart Bell, a Labour

industry spokesman, said that although Mr Lamont's name had not been mentioned he was the "ghost at the feast".

Mr Eggar cited Britain's success in attracting inward investment - which amounted to £200bn in 1991 and is expected only by the US - as evidence of the benefits stemming from being "at the heart of Europe".

He said the government's success in excluding Britain from the European Union's social chapter meant there were no barriers to flexible working hours.

Mr Eggar denied that the dis-

cretionary grants available to industry through regional selective assistance were under threat because of criticism from Mr Michael Portillo, the employment secretary, in his earlier role as chief secretary to the Treasury.

Mr Bell claimed that Mr Eggar had underlined the extent of the Tory split over Europe: extending from Mr Lamont and other Eurosceptics on the back benches, to Mr Portillo in the cabinet.

Labour would "sign-up" to the full social chapter, said Mr Bell, denying that inward investment would then decline,

Borrowers lean to variable-rate mortgages

By Alison Smith

Borrowers turned away from banks' fixed-rate mortgages to their variable rate loans in the third quarter, according to figures released yesterday by the British Bankers' Association.

It said the proportion of mortgages on fixed rates dropped from 73 per cent in the second quarter to 53 per cent.

In contrast to last summer when banks won significant mortgage busi-

ness through fixed rates, which were cheaper than variable rate loans, fixed rates can now be more expensive than floating-rate mortgages, particularly those which have heavy discounts in the early years.

The figures underline the shift in market share between banks and building societies since last year.

Seasonally-adjusted figures for new lending undertaken rose to £585m last month compared with £510m in

August, but below the £527m equivalent figure for September last year.

However, the impact of the 0.5 percentage point rise in interest rates last month is less clear-cut.

Loans approved but not yet undertaken - an important forward-looking indicator since they translate into lending carried out in the following weeks - dropped from 31,047 approved in August to 29,718 approved in September.

A similar drop occurred between

August and September last year, but from a higher base.

The association highlighted the fact that banks' gross mortgage lending totalled £1.74bn in September - more than 3 per cent higher than in September last year.

But the difference between the rise in new gross lending compared with last year and the drop in new net lending suggests that people are remortgaging to find the best offers available.

Negative equity count shows plus signs

Alison Smith finds controversy over the effects of the problem

While the problem of having a mortgage which is larger than the value of one's home is still casting a shadow over hundreds of thousands of households, the gloom that "negative equity" has shed over the housing market appears to be lifting somewhat.

Two estimates published this week of the extent of negative equity in the third quarter of this year, confirmed the fall during the past 12 months.

The Bank of England estimates that 1,095,000 households were in this plight - a drop of 16 per cent compared with the final three months of last year.

A separate assessment by the Woolwich building society, the UK's third largest, put the number of negative equity households at 950,000 - more than 20 per cent lower than the fourth quarter of last year.

The UK's largest mortgage lenders agree that they are

pleased to see negative equity falling, and that it is not the restriction on the housing market that it was a year or 18 months ago.

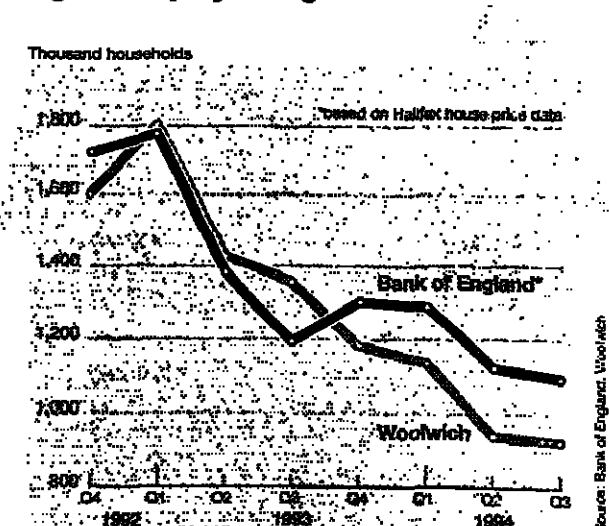
Against the background of house prices which are no longer tumbling - even if the price increases seem small and fragile - opinions are more divided about how far negative equity is acting as a depressant on the housing market at its current, lower levels.

Mr Martin Ellis, chief economist at Woolwich, described its impact as "removing a rung from the housing ladder", and said it must fall further "before it stops being a problem".

Many households in that position are those who bought for the first time in the late 1980s, he said, and who might otherwise be expected to move or to have moved already.

He also highlighted the constraints on households whose

Negative equity: the gloom lifts



stake in their home is slightly higher than their mortgage, but which would be eaten up by the costs of moving.

At the Nationwide building society, Mr David Parry, head of planning, is more sceptical

of the impact of the phenomenon.

"There's no real evidence that negative equity is a brake," he said. "The real motor in the housing market is always the first-time buyers."



Nationalist fervour: Dafydd Wigley acknowledges a standing ovation after his speech yesterday at the Plaid Cymru conference

Welsh and Scots step up calls for Ulster-style deal

By Kevin Brown, Political Correspondent

The government is facing growing demands from Welsh and Scottish nationalists for equal constitutional treatment with Northern Ireland, including the establishment of devolved assemblies.

Nationalists in both countries see the Ulster peace talks as the trigger for a campaign to highlight the contradictions between the government's approach to Northern Ireland and its handling of Scotland and Wales.

Nationalists intend to contrast the government's reluctance to acknowledge peaceful demands for Scottish and Welsh devolution with its willingness to negotiate with Sinn Féin, the political wing of the IRA, if the Northern Ireland ceasefire holds.

Mr Dafydd Wigley, president of Plaid Cymru, the Welsh nationalist party, yesterday stepped up the campaign at the party's conference in Llandudno, appealing to Mr John Major to recognise that Ulster and Wales have equal rights to self-determination.

"In the name of democracy, consistency and political justice, I appeal to the prime min-

ister to recognise the morally indefensible position of denying these self-same rights to the people of Wales," he said.

"If John Major can tell the people of the six counties of Northern Ireland that if it is their wish, democratically expressed, that they can unite with the Irish Republic... by what token can he deny that self-same degree of sovereignty to the people of Wales and of Scotland?"

The issue was raised in the Commons on Thursday by Mr Alex Salmond, leader of the Scottish National party, in a barbed intervention at prime minister's question time.

Congratulating Mr Major on the apparent success of his Northern Ireland policy, Mr Salmond pointed out that it hinged on the right of the people of Northern Ireland to determine their own future.

"For the avoidance of any doubt, will you confirm that you also believe in the right of self-determination for the Scottish nation?" he asked.

Mr Major, who fell back on claims that devolution would raise taxes, appeared to have no answer to a line of questioning that promises to become increasingly embarrassing for the government.

Walker received £1m in legal aid

Mr George Walker, the leisure entrepreneur cleared of orchestrating a fraud at Brent Walker, his former company, received more than £1m in legal aid it was disclosed yesterday, James Blitz writes.

Mr John Taylor, the parliamentary secretary at the Lord Chancellor's Department, said Mr Walker, who was acquitted earlier this week, had received £1,152,442 to help fight his case.

He said it was not possible to estimate, as yet, what the final cost of the court case would be, although the total sum has been estimated at £5m.

Mr Taylor also revealed that Mr Ian Maxwell and Mr Kevin Maxwell, the sons of the disgraced tycoon Robert Maxwell, have already received £400,000 in legal aid payments to help fight charges arising out of the collapse of their father's business empire.

Names' opponents to start action

The long-running court battle by Lloyd's Names to win compensation for losses took a further twist yesterday when their opponents' lawyers said they would launch their own legal proceedings.

The action is being taken by lawyers representing errors-and-omissions insurers who provided negligence cover for the professional Lloyd's agencies being sued by Names' action groups.

Earlier this month Gooda Walker Names won substantial damages for losses incurred between 1988 and 1990. E&O insurers now want the High Court to clarify whether those Names should be allowed to take a large share of the funds available for paying damages or whether twist yesterday when their opponents' lawyers said they would launch their own legal proceedings.

Westminster leader sets out innocence

Mr Miles Young, Westminster City Council leader, yesterday sought to prove his innocence at the public hearings into gerrymandering allegations.

The council's district auditor, Mr John Magill, ruled in his provisional report that Mr Young was not "actively involved" in gerrymandering. But this finding has been challenged by objectors whose initial complaints prompted the district auditor's investigation.

Mr Bernard Livesey, QC for Mr Young, said there was no new evidence to make the district auditor change his mind.

Warning on small pension schemes

The government should be wary of allowing small pension schemes to operate under a weaker regulatory regime than large ones because small schemes generally pose the greatest problems, according to the Occupational Pensions Advisory Service.

Mr Don Hall, chief executive of Opas, a government-funded body which advises individuals who have concerns about their occupational pensions, said: "It's the area of small schemes where historically we have had the most problems."

Finance and the Family, Weekend FT

Business boosted by EU developments

Business leaders believe developments in the European Union during the past five years have helped to increase trade for their companies, says a survey released yesterday.

The poll by MORI for American Express, conducted among 101 board directors of Britain's largest 500 companies, revealed that 39 per cent of those polled believed their companies had increased trade with Europe since 1989, in spite of the fact that 35 per cent said EU developments had led to stiffer competition.

Radio licences announced

The Radio Authority yesterday announced plans for the next batch of commercial radio licences, including four new regional stations to serve nearly 7m listeners.

As well as the four new regional FM stations for the Yorkshire area, East Angles, east Midlands and the Solent, the authority also disclosed plans at the annual Commercial Radio Convention in Dublin for 20 new licences for stations that will generally be smaller than existing independent local radio stations.

Virgin drink risks holy row

By Raymond Snoddy

Mr Richard Branson provoked a potential holy row yesterday by announcing in the staunchly Roman Catholic Irish Republic that he planned to launch a drink next year called Virgin Mary.

The tomato and Tabasco mixer is intended to go with Virgin Vodka, due in the shops in three weeks, and is part of the continuing programme of launching drinks to go alongside Virgin Cola.

Mr Branson expressed surprise that using the Virgin name to sell a Virgin Mary drink might be controversial.

"It never occurred to me," he said. "A Virgin Mary is what you call a tomato and Tabasco drink. I drink it all the time."

He added: "If we are going to offend people, we will obviously think twice."

In interviews at the Commercial Radio Convention in Dublin, Mr Branson also gave a progress report on Virgin Cola. He said there were firm sales already of 30m cans, with 24m going to the Tesco supermarket group. Mr Branson said that at a retail price of 55p he expected a 50 per cent market share in Tesco stores before Christmas.

The Iceland foodstore chain, he said, would replace Pepsi with Virgin Cola and was likely to give the new brand greater prominence than Coca-Cola. Next week Virgin will also announce a cola deal with a 1,800-strong off-licence chain which Mr Branson declined to name. "By the end of November we will be in 3,500 stores," he said.

The Virgin chief added that he planned to launch a range of soft drinks under the Virgin name, including Virgin Water, orange juice and lemonade. "The range of drinks that Coke sells we will be selling," he said.

Mr Branson conceded that the Virgin name had been considered, and rapidly dropped, for two other company ventures: Mates condoms and a model agency.

Halifax calls back sales force for re-testing

By Alison Smith

Halifax building society, one of the UK's largest personal finance organisations, is to withdraw its 600-strong financial services sales force for re-testing, after discovering failures to meet regulators' standards.

The temporary withdrawal is a severe embarrassment to the organisation, coming just two months before the launch of a wholly owned life insurance subsidiary, Halifax Life.

Halifax said yesterday that the compliance failures revealed by its internal checks related to "observed interviews" which sales agents perform as part of their continuous training, and there was no evidence that any customer had been given poor advice or had suffered.

While most of the irregularities were minor, such as an intervention to an interview by an observer who should have remained silent - some more serious matters - including failures to carry out the

observed interview at all - had involved "a handful" of the sales force.

Mr James Crosby, general manager of financial services at Halifax, said yesterday: "It is disappointing that a minority of our advisers have not followed the required procedures. We have a comprehensive action plan in hand to ensure that these incidents do not recur and that all our advisers measure up to [our] high standards."

Even so, the move is awkward for

the society as it prepares for its own life subsidiary, particularly as earlier this year Mr Mike Blackburn, chief executive, set the society the specific aim of being "the biggest and best personal finance business in the UK".

Halifax's approach to setting up the life operation has been marked by a desire to see its strong brand image as a mortgage lender extended to the new business, partly by exercising strict control over the products and services offered.

The re-testing process is due to take two to three weeks. The sales agents who pass - which Halifax expects to be the vast majority - will then be able to go back to giving financial advice for mortgage-related products.

At the same time they will receive detailed training on Halifax Life products as the society had intended they should in December anyway. They will not return to more general financial planning advice until the new operation opens for business.

Yesterday's announcement does not affect the 2,000-plus Halifax branch staff who can advise on endowment mortgages but not on the full range of financial services.

Halifax is not the first large financial organisation to have to undertake a high-profile withdrawal of its sales force this year. Norwich Union, the insurer, and Nationwide Building Society, the UK's second largest, have both had to announce temporary suspensions of financial services sales staff for re-training.

Former banker appointed to lift Tory funds

By Peter Marsh

The Conservative party has appointed a former investment banker as its new head of fundraising in a fresh attempt to cut its £15m overdraft by attracting more company donations.

Mr Richard Warner, who until the early 1990s worked for Morgan Grenfell, the merchant bank, will have as one of his main responsibilities contacting company chairmen who have been reluctant to donate to the Tories.

His appointment marks a break in tradition at Conservative Central Office since for the past 24 years this role has been undertaken by retired generals.

One of Mr Warner's tasks will be to increase annual donations to the party from individuals and companies from £9.4m in 1993-94. It is believed that the Conservatives want this to increase to at least £20m by the time of the next general election, likely to be in about two years.

Over this period the Tories want to cut the overdraft, which came about after high spending in the late 1980s and early 1990s, to about zero.

In the past two years total donations - believed to be split roughly evenly between companies and individuals - have slipped. Several big companies

Mr Austin Mitchell, the Labour MP, has complained to the Institute of Chartered Accountants about the auditing of the Conservative party's accounts. Jim Kelly writes.

Mr Mitchell has written to Mr Andrew Colquhoun, institute president, alleging that the audit by Coopers & Lybrand for the 1993-94 accounts is deficient. He says the absence of information about the source of donations amounting to £9.4m undermines the ability of the accounts to provide a "true and fair view".

Mr Paul Judge, director-general of Conservative Central Office, said Coopers & Lybrand were one of the most reputable firms in the world. Coopers & Lybrand said it could not comment on the case of a client.

have cut cash gifts either because of disillusionment with the effectiveness of donations, or because of reduced profits in the recession.

Mr Warner, 55, said he wanted people to feel proud of giving money to the Tories. He took over last week from Maj Gen Stuart Watson, who retired. Mr Warner, a chemical engineer whose first job was with Imperial Chemical Industries, worked for Morgan Grenfell for more than a decade.

Lottery bets on a hitch in live trials

Raymond Snoddy on the build-up to a network of 10,000 terminals going on-line

The National Lottery comes a step closer today with the first of a series of "live dress" rehearsals leading up to the launch of the real thing on November 19.

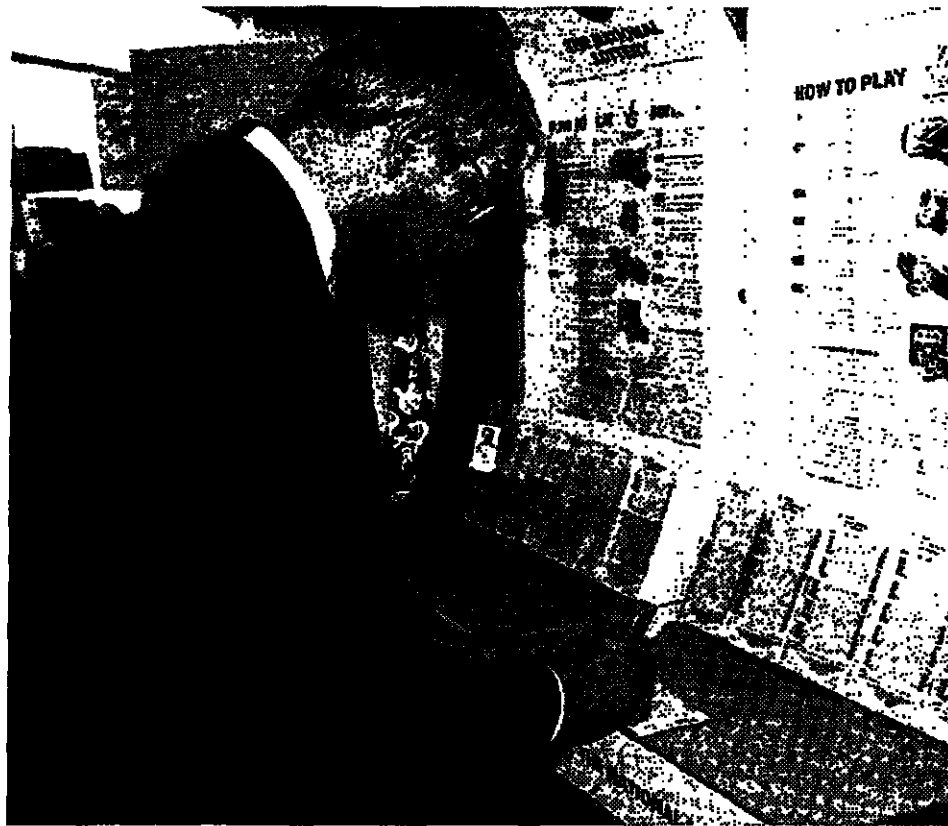
In more than 10,000 retail outlets in every local authority area in the UK staff will "buy" their £1 tickets, choose six numbers out of 49 and have them verified by the lottery terminals linked to a complex, high-security network.

On Tuesday the numbers will be drawn as if for real although the prize will be a weekend for two in Paris for the retailer who makes fewest mistakes, rather than what will become the usual £2m or more jackpot.

The only certainty about the dress rehearsal is that something is bound to go wrong. Mr David Rigg, communications director of Camelot, the lottery operator, conceded.

But whatever flaws are found, Camelot has already achieved a great deal - operating a live national network for the largest single lottery to be launched in less than 26 weeks. Already ICL, a member of the Camelot consortium, has manufactured and installed the specially designed lottery terminals for the launch.

Peritas, ICL's training subsidiary, will have completed the lottery terminal training for more than 35,000 people in the space of six weeks. The training was carried out at more than 220 locations



Political gamble: John Major tries his luck in the National Lottery at a shop in south Wales

throughout the UK, usually at hotels.

It was unable to begin training the targeted three staff from each of the 10,000 or so retailers - which can range from petrol stations and independent newsagents to J. Sainsbury and Tesco stores - before September 19. There

was no point in training people before terminals were installed or too far before the launch.

"I cannot conceive that anything like it has happened before, not in such a concentrated period," said Mr Tim Holley, chief executive of Camelot, who, like all the 500 Camelot staff, has taken the

three-and-a-half-hour course. "All the Camelot staff are going to be trained. I want them to understand in responding to retailers exactly what is involved," Mr Holley added.

Mr Stuart Kearns, Peritas manager of the Camelot training project, looked at lotteries in other parts of the world

Conservative MPs put on a brave face over 'sleaze'

By Kevin Brown, Political Correspondent

Conservative MPs escaped to their constituencies from the hothouse of Westminster yesterday hoping desperately that the steady drip of "sleaze" allegations against the government has been staunch.

Publicly, they were putting on a brave face, arguing that with 2½ years to go before the next general election, the government has plenty of time to recover its lost popularity.

Many offered a parallel with the Westland affair in 1985-86, which came close to bringing down the government, but was followed by Baroness Thatcher's overwhelming victory in the 1987 general election.

MPs from both sides of the party dismissed most of the allegations as either trivial or unfounded, but there were sharp differences on Mr John Major's handling of the affair.

Most mainstream MPs believe the prime minister coped reasonably well in trying circumstances. Many were pleased by his fighting performance at prime minister's question time on Thursday, when he angrily dismissed Labour probing.

But right-wingers were largely dismissive, claiming that the prime minister had displayed weakness and disloyalty, especially to Mr Neil Hamilton, the corporate affairs minister who resigned earlier this week.

"The problem is that his decision to sack Neil, even though the allegations against him were unfounded, has left every minister open to challenge. We just don't know who's next," said one.

The right was also angry with newspaper reporting of the events of the week, claiming that trivial and unsubstantiated allegations had been unfairly exploited to embarrass ministers.

"I've been told that newspapers have four more names which are going to be released at the rate of one a month," a senior rightwing backbencher claimed confidentially. Conspiracy fantasies aside, the party has clearly been deeply wounded by the controversy. "It is devastating us," a senior member of the 1992 committee of backbenchers admitted.

"We are just hoping it will go away. But the real danger is that there will be more allegations. If that happens we are

in real trouble," he said.

Another backbencher, fiercely loyal to the prime minister, argued that he had laid the groundwork for a government fightback by setting up the standing committee on public standards, to be chaired by Lord Nolan.

But she admitted: "All this is hurting us a lot. It has lowered our morale. We were already unpopular because of the recession; now people think we are crooked as well as incompetent."

In a sign of the times, departing MPs of all parties rushed to comply with Commons rules that payments and overseas visits must be entered in the Commons register of interests within four weeks.

Scrutiny of the register revealed a number of oversights by MPs on both sides, notably Mr Bernie Grant, Labour MP for Tottenham, who added seven overseas subsidised overseas trips to his previous declaration.

"It's crazy really," said one MP. "Many of these things are pretty minor, and this is the first chance most people have had to register things since the summer break. But in the current climate everyone has to be squeaky clean."

Nolan committee to meet next week

By James Birt

The committee headed by Lord Nolan set up to examine standards of conduct in public life is to hold its first meeting next week.

This underlines the speed with which the prime minister wishes to calm concerns of sleaze hanging over his government.

Lord Nolan has told Whitehall officials that he wants to hold most of the committee's hearings in public. But he has also given an assurance that he will abide by the remit set by Mr John Major, and will avoid investigating specific allegations of impropriety against Tory MPs.

The committee's members include Sir Martin Jacob, chairman of the British Council, Sir Clifford Bonilton, the former clerk of the Commons, and Dame Anne Warburton, former president of Lucy Cavendish College, Cambridge.

One member said the task of examining whether standards of conduct for public servants should be tightened would be hard to achieve.

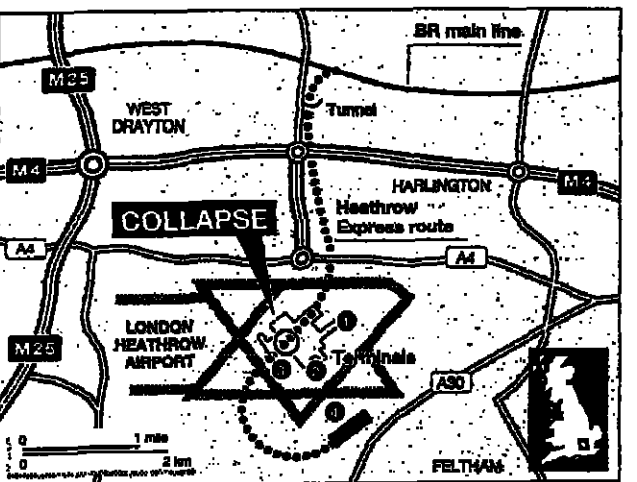
Inquiry into tunnel collapse delayed

By Charles Batchelor, Transport Correspondent

An investigation into the cause of the collapse of a railway tunnel under construction at London's Heathrow airport could take longer than originally expected, BAA, the airport operator, said yesterday.

News of the delay followed an announcement by the Health and Safety Executive late on Thursday that it would carry out its own investigation of the collapse. It plans to publish its findings.

The problems at Heathrow started a week ago when earth began slipping into a tunnel being excavated using a technique known as the New Austrian tunnelling method. The tunnel forms part of the £300m Heathrow express rail link to Paddington station in London. BAA said it would take until the end of next week at the earliest before its own inquiry produced any conclusions.



Work on the collapse site, near the terminal three car park, will remain suspended as will tunnelling using the same method at two sites on the Jubilee Line extension of the London Underground.

The Health and Safety Executive's investigation will initially look at whether the Heathrow failure was specific to the site and then go on to consider whether there are any broader implications for this method of tunnelling. It will compare the safety of this technique with that of more conventional methods.

The Austrian method dispenses with a boring machine and uses an excavator to create a tunnel with the walls being temporarily reinforced with wire mesh and concrete. It has been used worldwide for more than 40 years and is normally employed to provide short-term support before the construction of the final lining.

There is no evidence that, once the work is finished, there is any difference between the safety and integrity of tunnels built in this way and those using more conventional techniques, the executive said.

A tunnel being built by this method in Munich collapsed during the construction phase earlier this year. But the ground conditions were so different that there was no reason to halt work in London, it added.

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Saturday October 29 1994

Greenspan in China

Mr Jiang Zemin, the Chinese president, had plenty to learn this week from the visiting chairman of the Federal Reserve, Mr Alan Greenspan. But one lesson of the market applies as much to recent experience in the US as it does to China. Capitalism can allow a large economy to grow faster, but it will rarely allow deep structural weaknesses to go unexposed.

One thing Mr Greenspan shares with his hosts is a penchant for gradualism or, as they say in Beijing, "crossing the river by feeling the stones". For China, this has meant 15 years of incremental reforms. For Mr Greenspan, it has meant a career as Federal Reserve chairman in which the interest rate on federal funds has never changed by more than half a percentage point at a time.

Since February, he has applied this strategy to slowing growth in the US, just as he did to reviving it during the recession. A series of five rate rises has left the interest rate at 4.75 per cent, 1½ percentage points higher than it was at the start of the year.

One does not have to have a communist's scepticism of markets to favour incrementalism. Monetary policy is a more established art in the US than it is in China, but the precise effect of a given change, not to mention the lag with which it will operate, are uncertain nonetheless. Mr Greenspan would like a soft landing for the economy and considers a gentle tightening of monetary policy to be more consistent with this goal than a more dramatic correction.

The trouble with gradualism, as the Chinese have discovered, is that economies do not always play by the rules. Data released yesterday showed US real GDP growing at a rate of 3.4 per cent in the third quarter of 1994. This is down on the previous quarter's 4.1 per cent rise, but is still significantly higher than the 2.5 per cent that Mr Greenspan thinks consistent with stable prices.

High yield

Over the past few decades, the real rate on federal funds has averaged 2 per cent, a little more than its current level. Investors fear that this is altogether too relaxed for an economy half-way through its fourth year of recovery. That anxiety continues to translate into rising long-term interest rates. The yield on long-term US treasury bonds is now over 8 per cent, its highest level since May 1992.

Are these concerns justified? It is in the nature of monetary policy that no one will know whether Mr Greenspan is making a mistake until it is too late to correct it. The evidence suggests several develop-

ments that could fuel inflation, but only anecdotal evidence that they are yet doing so.

In the past, commodity prices, high rates of industrial capacity utilisation, tight labour markets and a falling dollar have individually proved capable of triggering inflation. In 1994, US producers have had all four to deal with. The fear is that that sooner, rather than later, they will raise prices to compensate.

Subdued picture

It has not happened yet. The latest price data showed a subdued picture. Consumer prices rose at an annual rate of 2.9 per cent in September, and the equivalent figure for producer prices was only 1.9 per cent. The labour market evidence is similarly ambiguous. Hiring, especially in the service sector, continues apace. But so far there is little sign that wages are starting to rise in step. Indeed, on Wednesday the labour department revealed that worker compensation rose 3.2 per cent in the year to September, the lowest year-on-year increase since the series began in 1981.

Mr Greenspan may wish to ponder the data further before announcing another rate rise. The political climate in the run-up to the November election is unusually mean this year. The Fed chairman would rather not be the butt of the administration's frustration at widely expected Democratic losses.

The trouble is that international investors see things more starkly than Mr Greenspan and, unlike him, they are not in a mood to be accommodating. Without an un-Greenspan-like rise in interest rates - perhaps even with such an increase - the markets' doubts are likely to keep the dollar heading down, and bond yields heading up.

Investors may find fault with Mr Greenspan's self-restraint over interest rate rises. But they are also exacting a penalty for the things about the US which even a more aggressive central banker could do little to alter. The US had a \$208bn federal deficit in fiscal year 1994, and low savings to compensate for that built-in profligacy. The result is a current account deficit which can only be funded by persuading domestic and foreign investors to buy American assets. Neither category sees many reasons for doing so.

The US economy, unlike most other industrial countries, is reaching the peak of the current cycle. From now on the economic news is likely to bring disappointment to the US people and to Mr Clinton. The argument between Mr Greenspan and the markets is only over how much disappointment and how fast it will come.

The battle for VSEL is a game theory problem. As long as the yard remained independent of both British Aerospace and GEC were happy. But once one of them tried to buy the yard, the other had to follow, because whoever owns VSEL has the prime position in the British naval defence industry. There is only one bid contract going for the Royal Navy in the next 10 years and that is for five Trafalgar submarines worth £2.5bn. Whoever owns VSEL will win that contract.

One defence executive's view of the tug-of-love battle which has developed for the Barrow-based submarine maker between Britain's two defence giants.

It is a view which is supported by the history. Both British Aerospace and GEC have been sniffing around VSEL for almost a year.

Bae almost bid for the company at the time it sold Rover in February, but decided not to confuse the two issues. John Cahill, Bae's chairman, then stood down and was replaced by Bob Bauman. It took the board several months to rehearse the issues once more before deciding to renew takeover talks in August. Once Bae's half-year financial results were declared in mid-September, the way was open for a bid.

GEC meanwhile had crawled all over VSEL's accounts in May, but had decided not to bid. It viewed the company as too expensive to buy, and provided Bae did not bid, GEC was happy.

Once Bae struck, however, the rules of the game changed. GEC could no longer assume that it stood a decent chance of winning the Trafalgar submarine order without owning VSEL. GEC immediately demanded access to the documents Bae had seen in its talks, as it is entitled to do under the takeover rules.

After two weeks poring over them, GEC launched a £14 a share cash bid first thing yesterday morning - against Bae's all-share offer worth £13 a share on Thursday night - and bought 14 per cent of VSEL's shares in the market. The phoney war for VSEL was over, and the real fight was on.

Yet while the future of the £2.5bn Trafalgar contract was the spark which ignited the war, there is plenty of powder beneath it. At its heart is the future of the entire British defence industry.

Lord Weinstock, GEC's managing director, has long harboured an ambition to merge Bae's defence interests with GEC: an ambition that has grown with the decline in defence spending since the end of the cold war.

As Bae has recovered from the disasters which struck it in the early 1990s, however, it has become more enthusiastic about a merger with GEC.

One executive says: "All the experience suggests that the stronger Bae gets, the less likely it is to deal with GEC."

If Bae had bought VSEL unhindered, it would have strengthened its finances, as well as securing its position as the unchallenged defence prime contractor in the UK. Improved finances would have given Bae the financial headroom to rationalise its civil aircraft division - its one remaining running sore.

Talks are well advanced on a deal which could solve Bae's commercial aircraft problems through merging Bae's turboprop aircraft business with the Franco-Italian group ATR. Bae could still do such a deal if it failed to buy VSEL, but it

Bernard Gray examines the implications for the UK defence industry of GEC's tussle with British Aerospace for VSEL

Tug-of-love over shipyard

The battle for VSEL



would be much more of a financial struggle.

Concerns about the size of Bae's civil aircraft liabilities have prevented GEC from making a hostile bid for the company. GEC's tactics have been to encourage talks about a friendly merger of the low-risk

defence operation, leaving Bae to handle its civil problems.

By counter-attacking against Bae's bid for VSEL, Lord Weinstock hits two objectives at once; if he wins he effectively ties up the Trafalgar order, and leaves Bae weaker and therefore more pliable.

However, the strategy could backfire. The Bae board recognises that there would be some benefits from a link to GEC; there were abortive talks between the two companies on the subject last year. The directors' preferred strategy, however, is to deepen their ties to European aero-

Competition conundrum

When speculation started over whether there would be a bid battle for VSEL, a senior Ministry of Defence official was asked what his attitude would be to offers from Bae and GEC. "I don't think that we would have any problem with Bae buying the company," he said. "It would be good for competition. It would give us two strong competitors each owning warship yards." When GEC was mentioned, however, he shook his head. "I don't think it's on."

A month is a long time in Ministry of Defence policy planning. In the two weeks since it registered an interest in VSEL, GEC has mounted an effective campaign in Whitehall to make its bid acceptable. Mr Malcolm Rifkind, defence secretary, yesterday made the first move in clearing the way for the GEC bid by saying that the government would not use its "golden share" - its right to prevent any company owning more than 15 per cent of

VSEL shares - to block GEC's bid. The issue will now pass to the Office of Fair Trading. Sir Brian Carsberg, OFT director-general, must decide whether GEC's ownership of the two largest warship yards in the UK, Yarrow on the Clyde and Barrow in Cumbria, would present competition worries. In practice, the ministry will determine the issue since it is the only UK customer and its submission to the OFT will be decisive.

Bae's argument is that if it takes over VSEL, there would be two competitive UK yards able to bid for naval work, each owned by different companies. "There are no competition issues in our bid and we expect it to be cleared," said Mr Dick Evans, Bae's chief executive yesterday. "But GEC's bid raises competition issues and I would expect it to be blocked. It runs counter to the MoD's policy."

instance, could only be built at Barrow, so whoever owns that yard will secure the contract even if the MoD invites bids for the work. The only other contracts available are for the last batch of Type-23 frigates, for which the prices are well defined. Only after 2000 would there be a potential problem over the next generation frigate called Horizon; as an Anglo-French joint project, there would be potential competition from French yards.

Whatever the merits of the two views, the VSEL bids highlight areas of uncertainty over MoD competition policy. The UK accepts a single manufacturer of aircraft because costs are prohibitive. But it is far from clear that costs are a problem in warship yards.

"The real issue is, why should we reduce competition before we have to?" said a defence executive yesterday. "If the MoD allows a monopoly in shipbuilding, it has a lot of explaining to do about how this fits its policy of competition."

space companies, something which would be more difficult if Dassault or Aerospaciale were faced with a monolithic GEC/Bae combination. Unfortunately, political constraints currently make European ties difficult, and Bae has thus been reluctant finally to close the door on GEC.

But GEC's aggressive tactics over VSEL risk alienating some Bae board members who might have supported a merger. "I begin to wonder whether you can do business with Lord Weinstock," says one Bae board member. "Everything seems to be on his terms or not at all."

Lord Weinstock's personality is important in another way. In July GEC announced that the company had asked Lord Weinstock to stay on for two years past the normal director's retirement date, until he is 72. The assumption is that his successor will be chosen before July 1996. That gives Lord Weinstock a very short time in which to realise his ambition of consolidating the UK defence industry. Hence perhaps his insistence on moving on VSEL now: if Bae secures the yard it may put the company out of his reach in the short term.

The VSEL bid is a lower risk strategy than an aggressive bid for all of Bae. "The fear for Lord Weinstock must be that the liabilities at Bae are bigger than he imagines," says one City observer. "If he mounted an aggressive bid which went wrong, the deal which was supposed to be his crowning achievement could end up as the huge blot at the very end of his copybook."

But the £14 a share offer is curiously pitched. It is not the knockout blow of over £15 which Bae could not hope to match, nor is it a nominal bid of £13.50 in line with the Bae offer. "It may be that Lord Weinstock is exercising his usual caution and offering the minimum he thinks necessary to win," muses one defence executive. "But I think this suggests that GEC has not secured all of the competition clearances it needs from the ministry of defence. For that reason he has mounted a reasonable but not decisive attack, from which he cannot withdraw."

Because GEC's financial position is so much stronger than Bae's, GEC would win in a straight financial fight. Bae thus has to rely on arguments about competition in the defence industry to stop GEC. Bae has no shipyard and thus has little worry on competition grounds, but GEC owns Yarrow on the Clyde, the only other large warship yard left in the UK.

The Office of Fair Trading will debate the competition concerns, though in practice, since the MoD is the only buyer, its submissions to the OFT will decide the issue. If the MoD does not want GEC to own Barrow, the deal will be blocked; if it is happy, the deal will go ahead.

"I detect a slippage in the MoD's robust position on competition," said one executive close to the deals. "Three weeks ago the MoD was very opposed to both yards being owned by GEC, now it is equivocal. There is a danger that competition policy in defence procurement is being made on the hoof here. With the situation in the global defence industry evolving rapidly, that must be a bad thing. We need a proper review of what UK policy is and how the European industry can be rationalised effectively. As of now, none of us knows where we stand."

MAN IN THE NEWS: Ryutaro Hashimoto

Political fighter feels the heat

Mr Ryutaro Hashimoto, the chain-smoking economic brain of the Japanese government, and potential future prime minister, played with fire this week but did not even burn his fingers.

To the surprise of many, he got away with making a tactless remark about Japan's role in the second world war, despite arousing the criticism of China - to which Japan usually kowtows - and both Koreans. Two less senior cabinet ministers were sacked this year for making similar wartime gaffes.

The survival of Mr Hashimoto, minister of international trade and industry and a leading member of the ruling Liberal Democratic party's right wing, reflects Japan's commitment to finding a more distinct voice in Asia, and the outcome of a power struggle within the LDP.

Mr Hashimoto's diplomatic misdeed was to say that it was a matter of "delicate definition" whether Japan committed aggression against Asian nations. He could hardly have given a different reply to a mischievously posed opposition party question in a televised debate, supposed to be about tax reform.

Yet the ensuing blast from Japan's neighbours and from senior members of the Social Democratic party, one of the three partners of the ruling coalition, made it look, for a moment, as if this martial arts expert was heading for a quick political death.

That was until Mr Tomiichi Murayama, Japan's Socialist prime minister, gave his support to his right-wing colleague.

It was a notable gesture, given Mr Murayama's profound pacifism and Asian sympathies and the fact that the leaders of the other two parties in the coalition - Mr Yoshi Kono of

the LDP and Mr Masayoshi Takemura of the New Harbinger Party - do not share Mr Hashimoto's ambivalent feelings about the war. They feel it was a war of aggression, for which clear apologies are in order.

Yesterday, South Korea issued an even more notable statement, to the effect that it did not plan to make an issue out of Mr Hashimoto's gaffe, and China toned down its criticism.

A relieved Mr Hashimoto duly expressed regret and sadness, and the affair seemed to have been brought to a close.

There is a simple reason why such a storm blew itself out so quickly. China and South Korea realised it was against their interests to press Japan too hard on Mr Hashimoto and risk destabilising the sensitively balanced coalition.

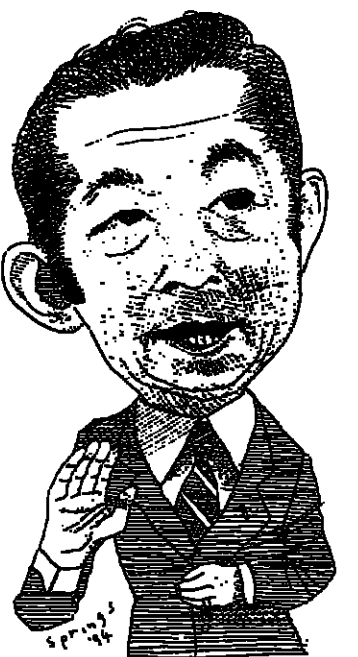
Mr Murayama knows that his cabinet cannot survive without Mr Hashimoto, the aggressive lead trade negotiator with the US and one of the few cabinet members with broad economic policy experience, as a former finance minister.

The two earlier errand ministers were disposable, holding humble environment and justice portfolios.

But Mr Hashimoto's survival also seems indicative of a growth in Japanese confidence about its relations with its Asian neighbours, such that it has been willing to allow the controversy to play itself out.

Aspiring LDP leaders traditionally had to pay public respect to the families of the war dead; an influential, if declining, part of the electorate. The acceptability of, and need for, this reverence persisted in Japan due to the lack of the kind of universal remorse for the country's wartime past seen in Germany.

Mr Hashimoto, chairman of the bereaved war families' association,



a right-wing LDP group, clearly has his roots in such traditional sympathies. Much to Mr Murayama's discomfort, Mr Hashimoto still leads an annual visit by LDP politicians to Tokyo's Yasukuni shrine, where the war dead are honoured.

He stands for a minority that feels uncomfortable over the full-scale apologies for Japan's wartime record offered over the past year by two former prime ministers and by Mr Kono, the dovish LDP foreign minister, who happens to be Mr Hashimoto's bitter rival.

Allowing Mr Hashimoto his frankness about the war is only the latest example of Japan exploring the limits of an independent policy in Asia.

Japan has also been standing up to China - as was clear last week when Mr Hashimoto met his Taiwanese counterpart, in defiance of Chinese objections, in the first official ministerial meeting between Japan and Taiwan since Tokyo ceased diplomatic recognition of Taiwan 22 years ago.

Mr Hashimoto is a member of a pro-Taiwan LDP group dedicated to retaining ties with Taiwan, a Japanese colony for 50 years until 1945. The influence of this group was also instrumental in the admission of senior Taiwanese to the recent Asian games in Hiroshima - a decision that caused another row between China and Japan.

The other side of Japan's search for its own voice in Asia is its promotion of Asian interests. It is playing a growing part in the Asia Pacific Economic Co-operation forum, and has announced its support for Mr Kim Dae-jung, the South Korean trade, industry and energy minister, in the race to head the new World Trade Organisation.

Mr Hashimoto now looks set to play a greater role in such policies. The balance of power in the LDP moved in his favour last month, when Mr Hashimoto's political patron, Mr Noboru Takeshita, the disgraced former prime minister, rejoined the LDP's parliamentary group after a year in the shadows as an independent.

But does Mr Hashimoto have what it takes to get all the way to the top? Mr Kakuei Tanaka, a former LDP prime minister, believes the main qualification for leading a Japanese government is to have few enemies. Here, by all accounts, Mr Hashimoto's renowned arrogance may tell against him.

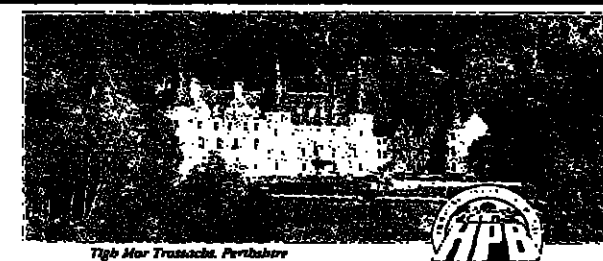
Aides recall how he exploded with rage at the July Group of Seven summit of leading industrial states in Naples, when the foreign ministry failed to tell his ministry about a letter from US president Bill Clinton.

On the other hand, Mr Hashimoto did take the trouble to give Mr Murayama, a novice at the G7 and a former political enemy, a private briefing on how to handle Mr Clinton. When Mr Murayama returned the compliment by supporting him this week, Mr Hashimoto must have rejoiced in the one important enemy he has managed to win over.

William Dawkins

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Deutsche Bank, Germany's leading commercial bank, has decided to show the banking world a more aggressive face.

Few people in the financial world have doubted its muscle - it is a triple-A rated bank with assets of more than DM570bn (£225bn). But many have questioned whether the bank was prepared to use its strength to the utmost to carve out more business at home and abroad.

Yesterday, Deutsche Bank served notice that it intended to become a more powerful force in investment banking worldwide by putting all its business in this competitive, fast-growing sector in London. This comes five years after it paid a generous £900m for Morgan Grenfell, the UK merchant bank that forms a key part of this strategy.

At the same time, the bank is acting in its domestic banking market to eliminate regional management layers, speed up decision-making and get closer to its German customers.

What the bank is trying to do is maintain the size of its universal banking structure - combining the whole range of banking services under one corporate roof - while also moving deeper into the less familiar territory of investment banking, which specialises in the business of raising capital for companies and governments.

If it is to succeed, the bank will have to move two very different cultures. "How a 175-year-old English institution operates is very different from a how a universal German bank operates," says Mr John Craven, chairman of Morgan Grenfell.

Germany's universal banking tradition is nurtured on long relations

A convergence of cultures

Andrew Fisher and Norma Cohen on Deutsche Bank's merger plans

ships with corporate loan customers and reliable, risk-averse private savers, who put most of their money into fixed-interest deposits.

Investment banking does not come easy to German bankers. German investors prefer bonds to shares, and much of the country's share capital is owned by banks and other companies. Innovations such as derivatives, though now commonplace, caught on slowly.

Yet if the bank is to become the world financial force that Mr Hilmar Kopper, its chairman, feels is justified by its size and strength, it will have to make the effort.

"The bank has still not really punched its weight on the international scene," says Mr Bryan Crossley, European banking analyst at Hoare Govett, the securities firm. "This is a step towards doing so."

Mr Kopper makes no secret of the fact that one reason for the Morgan Grenfell purchase was to learn from the innovative, free-wheeling Anglo-Saxon way of doing business. Germany's consensus-minded approach leads to consistency and quality. But it can be a handicap in rapidly evolving financial markets and new technology-based industries.

Even so, Deutsche Bank is not proceeding with speed. The investment banking businesses of Deutsche and Morgan Grenfell will be integrated "over time" and changes

to the organisational structures will be "evolutionary".

Mr Ronaldo Schmitz, the Deutsche Bank board member who will head its new investment banking department, said yesterday: "What we are doing now is to start the process that will lead to the merger of the investment banking activities of Deutsche Bank and Morgan Grenfell. There is no new legal entity as yet, but it will happen."

He hoped the merger would also provide valuable feedback to the non-investment banking operations of Deutsche Bank. "We hope it will give Deutsche Bank another culture and help to speed up the other things we are doing."

The consensus approach to business has not been abandoned entirely. But "Deutsche Bank is continuing to move on and we don't want to lose time," he adds.

So why has it taken five years to start the integration of the two sides' investment banking activities? When Deutsche Bank acquired Morgan Grenfell in 1989, it was keen not to submerge the merchant bank's identity and demotivate its employees. A 40-page memorandum of understanding spelled out the operating agreement between them.

With this history in mind, it is understandable that a move to integrate the investment banking operations has taken years to



Joint manoeuvres: the integrated investment banking businesses of Deutsche Bank and Morgan Grenfell will be governed by a board including (from left) Ronaldo Schmitz, Rolf Brenner, Michael Dobson and John Craven

evolve. "We're not putting factories together, but people," says Mr Schmitz. "We have to look after the whole thing as gently as handling a raw egg." Even after mulling over the move for five years, the terms of the merger suggest both parties remain ambivalent about integration.

The new investment banking operation will not carry the name of both organisations, but there is no agreement on what the name will be. Deutsche Bank has not committed any specific amount of additional capital to the operation, which it will surely need.

Moreover, the expanded equities operations in London will be administered by Deutsche Bank's equities team. However, Mr Craven says it is likely the two firms will operate out of the same premises.

According to Mr Michael Dobson, Morgan Grenfell's chief executive who will run the combined investment banking group, the main goal of integrating the investment banking businesses is to build a UK and international equities business capable of raising capital and selling shares around the world.

Morgan Grenfell has concentrated its UK business on corporate advi-

sory work, helping companies to devise strategies for raising capital and to complete mergers and acquisitions. It also has strengths in emerging markets, especially in trading third world debt. But when it comes to selling shares in the UK and internationally, Morgan Grenfell lacks the research, trading and sales teams necessary for it to become a world-class force, having abandoned these in 1988.

Mr Craven concedes its shortcomings. "There is no significant UK equity distribution and what we have internationally is very fragmented," he says.

Morgan Grenfell's competitors speculate the only way it will build a UK distribution network will be to buy a stockbroking firm. However, Mr Craven says the group has "no concrete plans for filling the gap" in its UK distribution network.

The merged operation will be able to draw on distribution capacity in Germany, Australia, the Far East and to a lesser degree, in the US and on the Continent through subsidiaries of Deutsche Bank and Morgan Grenfell. However, these units have operated independently of each other, hindering Morgan Grenfell's ability to sell large blocks of shares worldwide.

The integrated model that Deutsche Bank now says it is prepared to follow has been adopted by the most successful investment bankers. "Deutsche Bank is finding the Goldman Sachs and the Morgan Stanleys of this world coming into their own backyard," says the head of corporate finance at a rival.

US and UK banks have perfected the integrated model that blends the underwriting, research, sales and trading functions with corporate advisory business.

"Morgan Grenfell's great strength has always been its ability to identify clients who will do a lot of business with it over the years," says one London-based corporate financier. "And they have been very good at executing deals. But this move shows the value that investment banks will have to place on distribution."

The question, some of Morgan Grenfell's competitors say, is whether it has delayed the move to integration too long.

Clive Cookson explains how miniaturisation is boosting computer power

The astonishing pace of electronic miniaturisation, which has made possible the information technology revolution of the past two decades, is set to continue or even to accelerate for the foreseeable future.

Transistors and other electronic components on today's silicon chips are one-thousandth the size of those in the early 1970s, and semiconductor researchers say the technology is being developed to make them thousands of times smaller still early in the next century. Since the capacity and speed of computers increase as their components shrink, the outlook is for dramatic further advances, with cars and domestic appliances acquiring the processing power of supercomputers.

"Many new applications will emerge over the next 25 years which no one has even thought of now," Professor Michael Pepper, director of the Toshiba Cambridge Research Centre, said this week, as he announced a breakthrough which could keep the miniaturisation process going after current chip technology reaches its fundamental physical limits. "Think of all the changes in computing and communications in the last 25 years, and try to extrapolate those 25 years ahead."

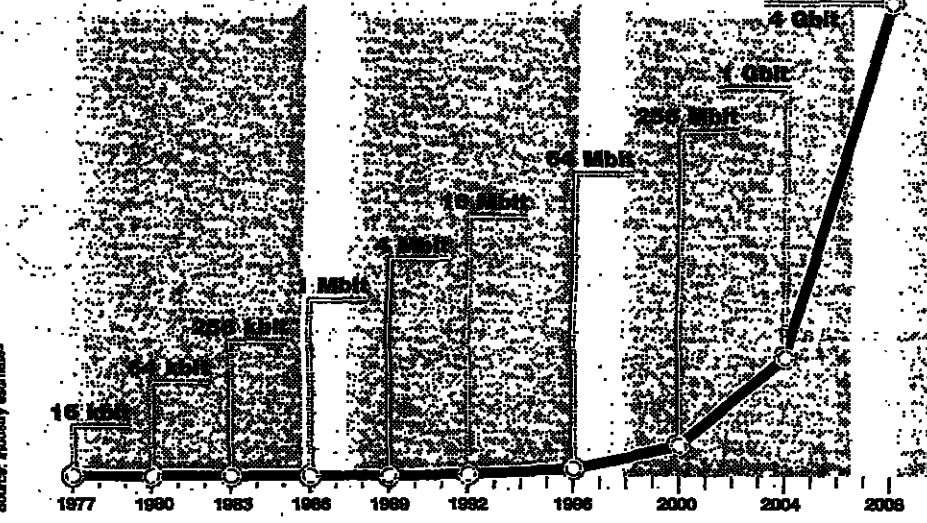
The centre, a collaboration between the Japanese electronics company and Cambridge University, has developed a process for making "quantum effect integrated circuits". The components on these chips are so small - no more than 10 atoms across or 100,000 times thinner than a human hair - that the electrons in them behave both as particles and waves, in accordance with the somewhat bizarre predictions of quantum theory. They are making possible use of an effect that will eventually limit the miniaturisation of conventional chips, because electrons leak out of their circuits when they become too small.

A quantum chip, the size of a fingernail, could contain 1,000bn memory cells or logic gates, switching at 1,000bn times a second. And it would consume virtually no power - a big advantage for portable applications, compared with today's battery-draining chips.

The incredible shrinking chips

Mind blowing memory chips

Year of first production samples



Most of the world's semiconductor makers are experimenting with quantum devices. Toshiba says its great achievement is to find a way of mass-producing them at reasonable cost on integrated circuits, like conventional chips. The process is based on a technique for laying down single layers of atoms with molecular beams.

Unfortunately, the quantum effects used by Toshiba are so sensitive that the technology works well only when cooled in liquid helium to temperatures close to absolute zero. A formidable technical effort will be required to remove the need for special cooling.

Researchers at NEC's Tsukuba laboratories in Japan are developing a different type of quantum device, the Surface Tunnel Transistor, which makes use of a more robust effect that already operates at room temperature. "We expect to achieve an operational integrated circuit in the laboratory in 1997-98," says Ray Lane, general manager of fundamental research at NEC.

Another Japanese company, Hitachi, has made an experimental "single electron mem-

ory" - which actually uses about 100 electrons to store a bit of information - at its Cambridge Laboratory in the UK. In the US, Texas Instruments, AT&T, IBM and others are making encouraging progress with quantum technology. All concerned are convinced that quantum devices will eventually replace conventional electronics. But there is vigorous scientific debate over which version of the technology will turn out best in the long run, and over the likely timing of the transition.

Lane says: "Quantum devices have to compete very seriously with present-day silicon technology. People predicted in the past that silicon technology would reach its limits much sooner and at much lower performances than is actually happening."

The first memory chips introduced by Intel of the US at the beginning of the 1970s held 1,000 digits of information on circuits 6.5 microns (millionths of a metre) wide. The most powerful memory chips on sale today, the 16-

megabit D-Rams, have a capacity of 16m bits and a linewidth of 0.5 microns; the 64 Mbit generation, expected in 1996, will go down to 0.35 microns.

The conventional technique of optical lithography, which uses ultraviolet light to write circuitry, will probably continue to work well for the first gigabit (1bn bit) chips in about 2004. But their 0.18 micron linewidth may be the lower limit, says Andrew Norwood, a semiconductor analyst with Dataquest, the electronics industry consultancy. Below that, the wavelength of ultraviolet light will begin to produce unacceptable fuzzy lines.

For the 4 Gbit generation, forecast for 2008, manufacturers are likely to turn to X-rays, which can produce finer lines with their shorter wavelengths. Earlier this month four leading US electronics groups - IBM, AT&T, Motorola and Loral - announced a collaborative venture with federal funding to develop X-ray lithography for future chips.

Using X-rays and other new lithography techniques, such as electron beams, the semiconductor industry may be

able to push silicon chips through several "gigabit" generations during the second decade of the next century.

Indeed Toshiba's Japanese research centre has shown the way this year by designing an experimental silicon transistor just 0.04 microns wide, with special features to prevent the electrons leaking away through quantum effects. The company says this could be used to develop 100 Gbit memory chips.

But at some point conventional silicon will reach its technical limits. Whether new-style quantum devices begin to make significant inroads into the semiconductor market before then will depend not only on fundamental technological factors but also on manufacturing costs.

One of the clouds hanging over the industry is the exponential growth in the cost of building new chip fabrication plants or "fabs". As conventional chips have become more complicated, the total price of a fab has risen from \$20m in the mid-1970s to at least \$1bn. Mitsubishi of Japan estimates that its total investment in developing and manufacturing the 1 Gbit generation of memory chips could reach \$15bn - more than for a new aircraft.

According to Intel, the leading microprocessor manufacturer, conventional silicon may reach an economic barrier to miniaturisation when linewidths fall below 0.18 microns, because X-rays or electron beams may be too expensive for the industry to install, even on a collaborative basis.

At that point quantum chips will be cheaper to manufacture, their advocates say. Prof Pepper concedes that the Toshiba process is technically complex, with several stages, but he insists that it "is highly manufacturable".

Another possibility is that entirely new production techniques - for example, using "scanning probe microscopes" to manipulate individual atoms - will be developed to make atomic-scale quantum devices at reasonable cost.

The best guessimate is that quantum chips will reach the market for specialised applications in about 10 years. They might become the main agents of the information technology revolution around 2015.

Fuel for thought

David Goodhart hears how pay and conditions are changing in UK coalmines



Budge: not keen on bonuses

comparison RJB is incredibly open and flexible," he says. The emphasis on the team means there is no place for union collective bargaining at Clipstone or at the other mines RJB will take over. But both Daniels and his boss, Richard Budge, insist that unions are still recognised for everything short of pay bargaining.

On pay, Budge says he wants to keep the existing British Coal rates in most areas, but he is not keen on the expensive incentive bonuses many miners receive.

At Clipstone, pay is not an issue. It is a small pit with only one face open and 250 men producing about 500,000 tonnes a year - compared with 700 producing about 1m tonnes under British Coal.

Slid Walker, the local official of the Union of Democratic Mineworkers who helped recruit most of the employees, says there has been no deterioration in safety standards or in pay. He adds that he has not had to deal with no

any grievance problems.

Nine hundred metres underground Tony McPhee, a mechanic, says that Budgeism has declined and the spirit is good. But the government gets no thanks from men like him for handing over the industry to RJB.

"We've now got the opportunity to show the government that they made a big mistake in writing off our industry. If RJB can do it then good for them. I'm a socialist and I've got no qualms about working for [Richard Budge]," he says.

This is music to Budge's ears. But Clipstone and the other two pits he currently operates under licence are very different from the 15 deep mines that RJB is negotiating to buy from the government.

Many of all of these are much larger: at Daw Mill and Welbeck in the Midlands, for example, the combined weekly output is 30 times Clipstone's. Pay packets are also bigger, thanks in part to the incentive scheme, which lifts some miners' wages to £1,000 a week.

Another difference is that most of the men at Clipstone were hand-picked to start work for a new company. They had been made redundant by British Coal and, with payments of £30,000-plus in the bank, were less worried about small changes to their pay arrangements.

At the 15 mines now under discussion, RJB will have to take over the existing workforce under the rules of the European Union's Acquired Rights Directive - known as TUPE in Britain. This means that British Coal's terms and conditions, including pension rights, have to be taken over by RJB, unless it can persuade miners to sign new contracts.

It also means that, if RJB wants to make redundancies among managers or surface workers, it will have to pay the current British Coal rate of up to £27,000.

Without the co-operation of miners at these pits, the scope to cut operating costs could be restricted. And with RJB hoping to get rid of incentive bonuses, that co-operation may be hard to win.

Mr Neal Greatrex, leader of the UDM, says: "Budge thinks that he has got all the asses up his sleeve, but he hasn't. We both want to save as much of the industry as possible. But I don't want it to be at the expense of our wages."

Issue is aromatics rather than lead in petrol

From Mr Michael Pettman.

Sir, As a professional chemical engineer, but with no interest in the refinery industry, perhaps I could put another side to the "green fuels" story ("MPs spark row over risk from 'green' fuel", October 28).

The presence of the carcinogen benzene in petrol has no relevance to whether the petrol is leaded or unleaded. Benzene is added to unleaded petrol, which has obvious environmental advantages, when what is required is a standard for Europe to reduce benzene levels below leaded and unleaded petrol in the UK and Europe. Benzene levels are per-

mitted in Europe up to 5 per cent (by volume), but in reformulated gasoline in the US the limit is 1 per cent. There is no technical reason why European refiners could not meet this level, by adding processes like isomerisation, alkylation or adding oxygenates such as MTBE or TAME to petrol.

It would seem a pity to confuse the issue over unleaded petrol, which has obvious environmental advantages, when what is required is a standard for Europe to reduce benzene levels below leaded and unleaded petrol in the UK and Europe.

Michael Pettman, 3 Tower Place, East Wittering, Chichester, W Sussex PO20 2QT

Dogs and the digestives test

From Mr Alex Morris.

Sir, With reference to David Blackwell's article "Making a meal of a dog's dinner" (October 26), I discovered last Saturday why the pet food market is so lucrative.

Reason: pound for pound at my local Tesco superstore the cheapest brand of dog biscuit

is more expensive than digestives.

In tests my dog showed a clear preference for digestives - he found them easier to dunk. Alex Morris, New Road, Worsley, Surrey GU5 0SE

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. Please set fax for finest resolution

Hindsight not best basis for pensions compensation

From Mr J. L. Roberts.

Sir, In considering the question of compensation for "wrong" advice in personal pension purchases, the Securities and Investments Board surely has a duty to those insurance policyholders who largely will foot the bill for compensation ("The high cost of bad advice", October 26).

"Best advice" is given at a particular moment in time and requires a careful assessment of present circumstances and future prospects. It cannot, however, require prescience. If, years later, it appears that the outcome is poorer than if an alternative course had been taken, this in itself is far short of sufficient basis for concluding that the advice was not "best advice" at the time given.

In the late 1980s:

- 1) Some company schemes were (and still are) badly run, with high costs and poor investment performance.
- 2) Most schemes had no guarantees of pension increments.
- 3) Many schemes had disadvantageous early retirement conditions.
- 4) Defined benefit schemes were dependent upon increasing employer contributions, which in turn were dependent upon continuing profitability.
- 5) Unit trusts, unified pension funds and the underlying equities, despite October 1987, had shown consistent long-term growth patterns.
- 6) Personal pensions offered control, visibility and direct investment into a booming UK economy.

All this made the background to forming a view of

"best advice" different from the one now being used with the benefit of both hindsight and subsequent legislation improving company schemes' benefits and accountability.

For compensation to be due, it should be necessary to demonstrate conclusively that the original advice cannot have been "best advice" in all the circumstances extant at the time it was given.

I trust that the investigations will not sanction compensation deemed to be due by simplistic performance comparisons made with the benefit of hindsight. J. L. Roberts, John A Roberts & Co, chartered accountants, 42 Sheffield Road, Chesterfield, Derbyshire S41 1LL

No respect

From Ms Lena Jabbour.

Sir, I was disappointed and shocked to see the FT front page picture depicting the scene of the tragic bomb attack in Tel Aviv which left 23 people dead ("Israel firm on peace despite blast", October 20). Is this necessary? The picture showing a body and severed limbs reveals a total lack of respect for the victims of such a horrific attack. To see this image must undoubtedly have a devastating effect on the relatives of those who died.

Do you not agree that a more subtle image could have been used? A photograph should be used to support or clarify the text. In this case, it could add very little to the description of the attack given in the article, which was sufficient for FT readers to imagine the horrors of the scene for themselves. Lena Jabbour, 9 Avenue des Celtes, 1040 Brussels, Belgium

Locking not a good step

From Mr James Pickthorn.

Sir, Christopher Jackson's assertion (Letters, October 26) that "Given adequate convergence, the idea of irrevocable locking of member currencies at an earlier stage than domestic use of the Ecu seems increasingly attractive" is wrong-headed, for the following reasons:

- 1) The divergence of member countries' inflation rates, tax rates, and national debt is far too great for convergence to be realistic. Even if the member nations manage their affairs sufficiently well that the (Eu)ropa comes about, then convergence will be natural and formalities unnecessary.
- 2) Irrevocable locking is tantamount to the single currency. It would remove the present ability of different areas to devalue or revalue currencies continually and

automatically, thereby adjusting factors of production and maintaining the balance of trade. The result of locking will be additional depressed areas and endemic unemployment, particularly in the areas where such conditions already exist. The Maastricht treaty already allows for this by creating "cohesion funds and structural funds" for the rich areas to patronise the poor areas.

Your interview with Alexandre Lamfalussy, president of the European Monetary Institute ("Single currency should be delayed," says EU bank chief, October 24) is a timely reminder that the threat of the single currency is ever present, even after the ERM debacle.

James Pickthorn, 24 Lime Street, London EC3M 1HR

Simple environmental solution

From Mr Peter Stephens.

Sir, It seems timely to promote once again my solution to unemployment and to the environmental problems which are

caused by road traffic. Bring back the sedan chair. Peter Stephens, 62 Cranmer Court, London SW3

COMPANY NEWS: UK

US investor set to publish Heron offer

By Christopher Price

The takeover of Heron International, the indebted property group headed by Mr Gerald Ronson, will move a step closer early next week when the full offer document from HNV Acquisition, the US investment group, is published.

HNV, led by Mr Steven Green, the US investor, made a formal offer five weeks ago. Since then it has been involved in complex negotiations with Heron's 82 creditor bankers, owed more than £1bn.

The US group, which emerged as the Heron board's preferred bidder last June, has offered cash and share alternatives to debt and bond holders in its attempt to restructure and recapitalize the group.

However, bondholders now have to approve the offer. Last May, 62 per cent of them voted against accepting any further delay in payments due from Heron, which scuppered a £1.4bn refinancing deal by the

banks and precipitated the move to sell the company.

Yesterday, one rebel bondholder said: "Presumably nothing has changed with the HNV offer - the pricing is such that it gives bondholders no real attraction in taking the cash or the equity. We hope apathy will rule and the offer fails."

Another bondholder voiced his concern: "We would prefer some sort of debt instrument as an alternative," he said.

But Mr Basil Vasilou, chairman of Vasilou & Company, which speaks for a large number of non-bank bondholders, yesterday voiced his support. "People would be crazy to reject this deal. It offers you whatever you want, be it equity, cash, or a combination. No other offer would be able to match these terms."

The original offer involved £450 cash or 300 HNV shares for every £1,000 of senior debt, £80 or 40 shares for every £1,000 of junior debt, and 750p or five new shares per old

Heron share. Sources close to Heron said the full offer document contained few changes to the initial offer. This includes the retention of Mr Ronson and his management team, a move which has caused consternation among some of the group's creditors.

The HNV plan would transform Heron's balance sheet, turning a negative net worth of £172m as at March 31 into net assets of about £200m. HNV, which would control at least 51 per cent of Heron shares, also intends to subscribe to a £17m convertible debt issue, which it can increase to £30m, to provide extra working capital.

Other members of the HNV consortium include Mr Rupert Murdoch, the media magnate, Mr Craig McCaw, founder of McCaw Communications, the US telecoms giant, and relatives of Mr Michael Milken, the former junk bond dealer.

Mr Green has said he intends to turn Heron into a force in the European property market.

Attwoods details trends in businesses

By Peggy Hollinger

Attwoods, the waste services company, yesterday laid another brick in the wall of its defence against the hostile £364m bid from Browning Ferris Industries of the US with a circular detailing trends in each of its five businesses.

The circular precedes a third defence document, which is expected to include a valuation of the business and results for the first quarter. This is likely to be published on November 11, the last day Attwoods may release new financial information under takeover rules.

Attwoods said yesterday the circular, which included few hard numbers for 1995, was intended to be a discussion document for investors. Profits forecasts would be difficult, given the recent end of the company's financial year.

"It is another brick and it is not a huge brick by any means," said one adviser. "But there is a lot more to come."

Attwoods said this document set out "the specific factors underlying our confidence in the future".

These included: price increases and population growth in Florida, where Attwoods' claims 32 per cent of the market. Cost-cutting, which would more than offset the pressure on municipal contract renewals at that state. Resolution of legal problems in the mid-Atlantic states and economic recovery; plus a return to profitability in the medical incineration business and restructuring in the German business.

BFI responded with derision. "We wonder why they even bothered to release this document," the company said. "They have provided little, if any, substance as to why shareholders should feel confident in the future. The arguments advanced for looking forward to a brighter 1995 are not there."

BFI is offering shareholders 105p cash for Attwoods ordinary shares and 85p per preference share. At current exchange rates this represents about \$9.20 per American Depositary Receipt, equivalent to five ordinary shares.

Laidlaw of Canada, Attwoods' largest shareholder, has accepted the offer. Fidelity Investments, which holds almost 12 per cent of Attwoods and has been selling recently, this week disclosed that it had purchased 46,100 ADSRs.

BFI has said it will pay the declared final net dividend of 3.25p, if successful.

Attwoods shares closed steady at 115p.

Investors face a credibility gap

Michael Smith on why the energy industry is puzzled by RJB's bid

Two weeks after the government announced its preferred candidate to take over British Coal's English mining assets, the coal and electricity sectors remain perplexed.

Industry executives are struggling to work out why RJB Mining is prepared to pay so much more than anyone else for the pits and opencast sites and why the government believes its plan is feasible.

"I just cannot understand it," said one electricity executive. "We think that RJB is assuming far too much both for the future market and for the prices it can get. Are we missing a trick?"

RJB and Barclays de Zoete Wedd, the investment bank advising it, remain unperturbed, saying they have a high level of confidence that they can raise the funds needed for the bid and for working capital, together thought to total £1.08bn.

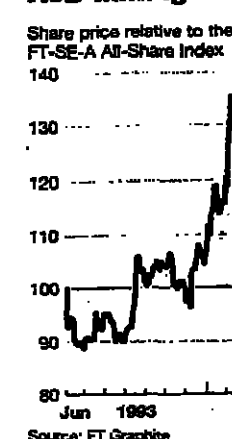
However, they are not revealing any details of the £800m deal, which is due to be concluded on December 24. In the absence of any guidance from them, speculation is rife. One theory among British Coal executives who may soon be RJB employees is that RJB will haggle down the price in the "due diligence" process in which it is now engaged.

"RJB has the government over a barrel," says one. "The government will lose so much face if it declares a deal with RJB is not possible after all."

Other merchant banks are less sure. "The government would not accept that kind of haggling," says one banker. "BZW would lose considerable face with the government." His argument is that the due diligence exercise could trim tens of millions of pounds from the price but is unlikely to get it down to the £800m which was the next highest bid.

If the eventual price remains

RJB Mining



Source: FT Graphics

Richard Budge
Chief executive

about £900m, how can the bid be funded and the resulting debt paid off? RJB is thought to want to raise about 40 per cent of the £1.08bn through issuing shares and the rest, about £500m, through debt.

Most of the failed bidders for the English regions, as well as Scotland and south Wales, have either been told, or have assumed, that any debt incurred through a successful bid would have to be paid off by the end of existing contracts with the electricity generators in 1998.

It is thought that BZW's business plan for RJB assumes the debt will be paid off by 1998, although the banking facilities lined up for it do not require this.

The £800m of debt would be likely to attract interest rates of at least 8 per cent. The amount of income left to RJB to pay off the debt and cover the interest bills depends on production costs.

In the English regions, coal is currently being produced at an average of about £1.20 a gigajoule, against an average selling price in the contracts of about £1.40.

That implies a profit of 30p a gigajoule which equates to £480 a tonne. As the English regions have contracts to sell 25m tonnes of coal a year to the generators the difference between the selling price and production cost would be about £140m a year, or £455m until April 1998 at current cost levels.

There will also be more limited income from selling household coal, where margins are high, as much as 50p per gigajoule, but volumes are small, at 2.5m tonnes and falling. British Coal struggles to make money on industrial coal sales of about 5m tonnes in the English region, but RJB could make profits if costs are reduced. It would also hope to make sales to other UK regions.

With only limited scope for sales growth, the key to greater profits is clearly cost reduction in the mines. If RJB can get costs down to £1 a gigajoule, as rival bidders acknowledge is possible, annual selling price/production margins from electricity contracts would double to £280m a year. However, reaching £1 would take time.

In addition, producing coal

in the private sector also results in financial penalties. Dividends will need to be paid on the £400m or so that RJB raises in equity and the company will also have to pay for insurance at market rates, something British Coal has been able to avoid. Nor will it enjoy the pensions holiday that British Coal has benefited from in recent years.

Making an assessment of the effect of all these factors is difficult prior to RJB announcing its plans, probably next month. RJB is thought to dispute strongly contentions by Mr John Reynolds, an analyst at James Capel, a broker to rival bidder Coal Investments - that RJB could still be £200m in debt by the end of 1998.

If, however, Mr Reynolds' predictions were realised, RJB's ability to pay off the debt would depend on the English market after 1998.

Most bidders assume that the two main generators will buy 30m-25m tonnes of coal a year from the purchaser of British Coal's three English regions at £1.10 a gigajoule after 1998. They believe RJB is expecting about 30m tonnes at perhaps £1.25. A large majority of both generator and coal industry executives believe the lower figures are the more likely.

The credibility gap is narrowed considerably by the endorsement of RJB's plans by both BZW and NM Rothschild, the merchant bank which has advised the government. In choosing the preferred bidder, the government said it was guided by considerations about preserving the largest economically viable coal industry as well as tender prices.

Nonetheless, RJB and BZW have a challenging task ahead to convince lenders and investors that the doubters have got it wrong.

Trading buoyant says Rank

By Michael Skapinker, Leisure Industries Correspondent

The Rank Organisation said yesterday there had been a healthy rise in UK and US leisure spending, resulting in strong increases in the group's turnover and operating profit.

However, the shares fell 10½p to 399p. Analysts said there had been an expectation that Rank's trading update would be even more positive.

Mr Peter Hillier, an analyst at Barclays de Zoete Wedd, said he had increased his forecast of Rank's pre-tax profit before exceptional items from £338m to £354m. Pre-tax profits in the year to October 31 1993 were £277m.

The group also said it was changing its year end in 1995

from October 31 to December 31. The directors said the change would bring the group into line with most other FT-SE 100 companies.

Rank said that turnover in continuing operations rose 10 per cent in the period to end-September, with operating profit up 15 per cent. The film and television businesses were performing particularly well.

The contribution from Rank Xerox was up by more than a third at the end of July before restructuring costs. Rank's £62m share of restructuring costs was charged against first half profit and Rank said the benefits had begun to be realised in the second half.

Volumes from the video duplication business were up by almost 50 per cent, while

film laboratory volumes were up 12 per cent last year. Odeon cinema admissions rose 4 per cent.

The holiday business showed a small increase, with sales up 3 per cent on last year. Bingo customers' spending was up 6 per cent, but admissions had fallen by a similar amount.

The performance of casinos had improved, however, with attendances up 3 per cent and spending per head up 7 per cent. Profit at amusement centres was down.

Turnover at the Hard Rock cafe grew 7 per cent in the second half. Spending per head at UK nightclubs was up 5 per cent and margins rose 3 per cent.

Resorts in the US, however, had a difficult year.

Chrysalis in Dutch TV deal

By David Blackwell

Chrysalis, the media and music group which has been building up its visual entertainment division, is to buy 49 per cent of a Dutch television production company.

The deal, agreed in the early hours of yesterday morning, marks Chrysalis' first venture outside the UK.

The target is IDTV Holdings, an Amsterdam-based company that has the rights to several popular European game shows, including *Lingo* and *Boggle*.

Chrysalis will pay an initial cash consideration of £3.7m, followed by instalments of up to £1.4m a year for the next four years, depending on IDTV's profits.

Further payments could be made under a share option scheme designed as an incentive for the TV company's management.

IDTV made profits of £14.2m (£1.6m) pre-tax in 1993 on sales of £135.2m.

Put and call options exercisable from 1999 could lead to Chrysalis acquiring the rest of the shares at a price based on IDTV's profits. The maximum total consideration for the entire share capital is capped at about £18m.

Mr Chris Wright, Chrysalis chairman, said yesterday that serious negotiations had started last April after the merger of two other independent Dutch TV producers into a group called Endemol. Since

then Endemol had decided to start its own TV station, which would soak up most of its own production.

"It's a very good deal," he said yesterday. "The way things have worked out it's even better than what we anticipated when we started."

Mr Harry de Winter, the principal owner of IDTV, is selling because he felt vulnerable after the Endemol merger, and he saw a link with Chrysalis as a good strategic alliance.

The Dutch television market is similar to that in the UK. It also provides a springboard into Scandinavia. However, Mr Wright said Chrysalis had no further plans to buy into European television companies.

Reuters lifts sales 25% in quarter

By Andrew Bolger

Shares in Reuters Holdings rose by 30p to 477p after the financial information and news group said its third quarter revenues rose 25 per cent to £590m.

For the first nine months, sales grew by 23 per cent to £1.68bn, with no material impact from exchange rate movements. Reuters started giving quarterly statements this year, does not give profit figures.

Mr Peter Job, chief executive, said: "Revenue continued to forge ahead reflecting good business conditions as well as recent acquisitions. New order rates for information products, though below the recent peaks we have seen, were brisk."

"Electronic transaction products for the financial markets continued to be the fastest growing part of the business."

Acquisitions added £42m to revenue in the third quarter and £97m in the nine months. Excluding acquisitions made since the beginning of 1993, revenue growth was 17 per cent for the quarter and 16 per cent for the nine months.

Sales growth by Institut, the US-based equity brokerage service, and Thamesway - the institutional broker acquired last November - contributed to a 37 per cent rise to £138m in the quarter's overall transaction product revenue.

Information management systems for dealing rooms increased sales 87 per cent in the quarter, and over the nine months this product line's sales more than doubled to £82m. This contributed to a rise of 20 per cent, to £1.19bn, in information products' revenue so far this year.

Barr chairman urges nephews to halt revolt

By Richard Wolff

Mr Malcolm Barr, chairman of Barr & Wallace Arnold Trust, yesterday urged his nephews, Nicholas and Robert Barr, to halt their shareholders' revolt.

In a letter to his nephews, who claim majority support among voting shareholders of the motor distribution and leisure group, Mr Barr described their position as "incomprehensible".

The letter came after a private meeting, brokered by an independent member of the Barr family, had failed to end the family feud. Nicholas and Robert Barr have pledged to replace their uncle as chairman and have called an EGM to unseat Mr John Parker, chief executive, and Mr Brian Small, finance director.

They have also declared their opposition to the board's plans to enfranchise the non-voting A shares, owned almost entirely by institutions.

Mr Barr warned his nephews

of institutional opposition to their plans, which he claimed would expose the company to large compensation payments.

"Your actions have diverted management time away from the business; you have caused disruption to the normal affairs of the company; and you have caused or are in the course of causing considerable and unnecessary costs, as well as exposing the company to very heavy potential liabilities," he said.

The board delayed publication of a document concerning its own EGM on enfranchisement, which ironically is one of the rebels' principal policies.

However, the Barr brothers, who command enough support to block the board's proposals, argue that enfranchisement should only proceed under new management.

In response to their uncle's letter, they said: "We had hoped that in the last 24 hours we had, on a private and confidential basis, moved forward."

Campari shares tumble pending further revamp

Shares of Campari International tumbled 11p to 24p after increased first-half losses were accompanied by further rationalisation and reorganisation of its troubled leisure and sportswear activities.

Directors said the costs of the moves, involving substantial cost-cutting and centralisation of its Dutch support operations, would amount to £3.7m, to be taken in the second half.

Discussions had been held with its principal bankers and "both the level and continuation of their support will

depend on the degree of success achieved in meeting trading and cash management targets in the short-term."

Difficult trading conditions and a "disappointing" product offer led to lower sales across the group's markets - turnover in the six months to June 30 dropped 13 per cent to £17.5m. A cautious outlook by retailers left forward sales below budget and margins suffered as the group attempted to clear stock.

After increased interest charges of £330,000 (£35,000), the pre-tax deficit widened to £3.96m, against £3.03m. Losses per share were 38.8p (29p).

Cornwell Parker warning

Shares of Cornwell Parker, the Buckinghamshire-based furniture group best known for its Parker Knoll range, dipped 8p to 124p yesterday following a downbeat statement to the annual meeting by Mr Martin Jourdan, chairman.

"Trading conditions, particularly in our sector of the furniture market, remain very difficult," he warned that the trading outcome for the first half was likely to be "well below" that of the previous year, although he expected some improvement in the second six months.

"We are continuing to review every aspect of our business in order to reduce operating costs in the medium term," Mr Jourdan said.

The likely trading pattern mirrors that of 1993-94 when pre-tax profits were £3.15m (£4.61m), a decline ameliorated by a partial recovery in the second half.

Reece

Reece, which makes equipment for the ceramic and glassware industries, distributes cycles and industrial fasteners and also makes door panels, is raising £14m in a placing and open offer of 48.8m shares at 31p.

BZW is placing the shares with institutional investors; the open offer to shareholders is on a 3-for-8 basis.

The proceeds would be used to reduce bank borrowings, directors said.

Reece also announced reduced pre-tax losses of £5,000 (£11,000) for the six months to June 30. Turnover improved to £6.53m (£6.14m) generating operating profits of £92,000 (£90,000).

It is also proposed that each existing 5p share will be subdivided into one 1p share and one 4p deferred share which

will have nominal rights and be effectively valueless.

Fleming Inc & Cap

Fleming Income & Capital Investment Trust had a net asset value of 79.6p per income share as at September 30, down from 85.9p a year earlier.

Available revenue for the six month period amounted to £2.32m (£2.53m) for earnings of 2.51p (2.74p) per share. A second interim dividend of 1p was declared in September.

Benchmark Group, the property and portfolio investment company, continued its recovery during the 12 months to June 30 with pre-tax profits of £2.69m.

The outcome, struck after interest charges reduced from £2.28m to £1.76m, compared with a modest profit of £77,000 last time and a deficit of £12.2m for 1991-92.

The property division returned operating profits of £318,000 (losses of £15,000) on turnover of £298,000 (£3.16m). Portfolio investment saw turnover fall to £5.42m (£13.1m) for profits of £2.69m (£2.88m).

Earnings per share were 17.14p (0.48p adjusted).

Ramco Energy

Ramco Energy, which supplies corrosion control and ancillary services to the petroleum and marine industries, reported pre-tax profits down from £287,000 to £21,000 for the six months to June 30.

The outcome was struck on reduced turnover of £2.4m (£2.57m) and included a £117,000 loss (£143,000 profit) from an associated undertaking. Earnings came out at 0.33p (1.27p) per share.

Mr Stephen Remp, chairman and chief executive, said the highlight of the year to date had been the signing in September of a contract for the development of oil fields in the Caspian Sea.

The contract, between the State Oil Company of Azerba-

jan and a consortium of 10 companies of which Ramco is a member, would, he said, unlock further opportunities in the former Soviet Union.

Hewitt

A provision for the reorganisation of its German operations and increased interest payments resulted in a pre-tax loss of £2.34m at Hewitt Group in the 12 months to June 30.

Continuing German losses prompted a review which resulted in a write-down of assets and other costs amounting to £2.02m. In addition, Hewitt's share of profits at Sphinx Technical came to £111,000 but after providing for Hewitt's £444,000 share of restructuring costs, a loss of £333,000 resulted.

The manufacturer of industrial ceramics and refractories paid increased interest of £196,000 (£34,000).

There is no interim dividend (1.5p) and the final will be considered in relation to the annual results. The share price yesterday fell 5p to 125p.

Sales in the first half rose to £8.18m (£4.36m) and there was an operating profit of £168,000 (£273,000). Losses per share were 71.4p (6.4p earnings).

Dares Estates

Dares Estates, the property investment and development group, reported pre-tax losses of £133,000 on turnover of £2.62m for the half year to June 30.

The comparable period saw a profit of £465,000 on turnover of £3.4m, although that included a profit of £2.7m from the termination of operations, against £388,000 this time.

Interest charges were cut from £4m to £2.5m, of which £191,000 was satisfied by the issue of preference shares.

Losses per share came out at 0.38p (1.33p earnings).

Craig & Rose

Craig & Rose, the Edinburgh-based paint and varnish maker, reduced pre-tax losses

from £135,000 to £115,000 for the six months to June 30 on lower turnover of £2.37m, against £2.64m.

Mr John Wightman, chairman, said that in addition to the decline in sales which was in line with the industry generally, the directors had also decided to withdraw from certain specific markets which were unprofitable.

Losses per stock unit worked through at 29.25p (£32.25p).

Laser-Scan

Laser-Scan Holdings, the USM-quoted computer group, suffered a pre-tax loss of £780,000 in the six months to June 30 on reduced sales and after capitalising the £304,000 product development costs of its Gothic technology. Profits were £45,000 last time.

Delays in order placement in uncertain economic conditions resulted in a 48 per cent fall in sales to £3.02m (£5.78m).

Continuing activities carried an operating loss of £350,000 (£422,000 profit) and discontinued activities lost £380,000 (£21,000 loss). Losses per share were 4p (0.3p earnings).

Europe Energy

Europe Energy Group, which is transforming itself from a mining group, has announced plans to acquire Helston Garages, a multi-franchise motor dealership based in the south-west of England.

Its shares, which trade on the USM, were suspended at 5½p yesterday, pending a further announcement. The terms of the deal have been agreed in principle and contracts are expected to be signed in the next few weeks.

The consideration of about £10m will be financed via a

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding dividend	Total for year	Total last year
Hewitt	1p	Dec 30	1.5	2.5	3.25
MG Equity Income	1p	Dec 1	2.5	4.8	4.5
OMI Int	0.75	Dec 1	0.75	1.5	1.75

INTERNATIONAL COMPANIES AND FINANCE

BMW shares advance on rising sales and profits

By Christopher Parkes
in Frankfurt

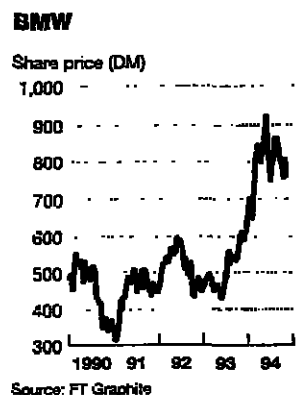
BMW's share price rose strongly yesterday after an upbeat statement from the company which said turnover was outstripping record levels reached in 1992, and forecast "positive effects" on profits.

Sales, excluding the recently-acquired Rover group, rose 8.5 per cent to DM23.8bn (\$15.9bn) at nine months, BMW said. This was 1.5 per cent higher than in the comparable part of 1992, when the full year's sales hit DM31.2bn, it added.

The company, which last year saw net earnings tumble to DM516m from DM726m in 1992, reported a 14 per cent recovery to DM290m on a sales increase of 7.4 per cent in the first half of the current year.

The group's share price jumped DM18 in early Frankfurt trading yesterday and closed DM12, or 1.6 per cent, higher on the day.

The company's statement suggested production bottlenecks experienced in the spring had been cleared, and



forecast demand would be further increased by new variants on the successful 3-Series, due shortly.

While car production rose 5 per cent in the nine months to the end of September, deliveries to customers increased 7 per cent overall to 434,000, with a 13 per cent surge in the last month of the reporting period.

Analysts at the Bayerische Vereinsbank calculated that production in the third quarter was more than 8 per cent up

on the year-earlier period, while deliveries had risen 10 per cent.

According to earlier data, world sales of BMW marque models were up only 5 per cent in the first seven months of the year. Deliveries in Germany, up only 2 per cent in the period to the end of July, were up 4 per cent after nine months, according to yesterday's statement.

Sales elsewhere in Europe were in line with the overall market growth of 5 per cent so far. However, while deliveries in the UK rose 24 per cent to 39,000, those in the important Italian and French markets were unchanged at 24,200 and 18,700 respectively.

US sales, up 13 per cent after six months, were still 10 per cent ahead at the end of the latest reporting period. At 63,500 vehicles, the nine-month total was only marginally short of BMW's US sales in the whole of 1993.

Sales in Japan rose 8 per cent to 20,600, while 41 per cent growth in other south-east Asian markets took deliveries there to 17,400.

Broker bids to gag the greenback

By Patrick Harverson
in New York

Money has always talked loudest on Wall Street, where salaries are often measured in the millions of dollars, but yesterday the securities firm PaineWebber sought to place a gag order on the greenback. It is suing two rival firms to stop them from luring away its best staff with offers of huge pay increases.

The saga started 10 days ago when PaineWebber bought the investment bank Kidder Peabody, and its army of highly profitable stockbrokers, from General Electric. Yet, before PaineWebber could welcome Kidder's employees to their new home, several rival firms had poached some of Kidder's best brokers, many of whom generate millions of dollars annually in commissions, from under PaineWebber's nose.

This tactic - enticing staff away from one firm to another with offers of hefty pay packets - is nothing new on Wall Street, but PaineWebber felt it had to take drastic action to protect its investment in Kidder.

So yesterday, PaineWebber filed lawsuits against Donaldson, Lufkin & Jenrette and Dean Witter Reynolds, two of the biggest names on Wall Street.

charging them with trying to undermine its acquisition of Kidder Peabody by offering Kidder brokers "exorbitant" financial incentives to leave the firm.

The lawsuits followed reports that several top-producing Kidder brokers in New York and around the country had left the firm to join DLJ or Dean Witter. Merrill Lynch, another broking firm, was also said to have lured away a team of brokers from Kidder.

Although there is nothing in US securities law that forbids the poaching of employees, firms are not allowed to deliberately interfere with a transaction such as the takeover of one firm by another.

So, PaineWebber is asking the courts to ban DLJ and Dean Witter from raiding Kidder's staff.

The irony of the situation is that Kidder's top brokers are being offered big pay increases to join other firms at a time when almost everyone on Wall Street is having to accept a pay cut or, even worse, redundancy, as firms endure a sharp slowdown in activity on financial markets.

The cost-cutting has dug so deep that the biggest names on Wall Street are not immune to the axe.

On Wednesday, Ms Elaine Garzarelli,

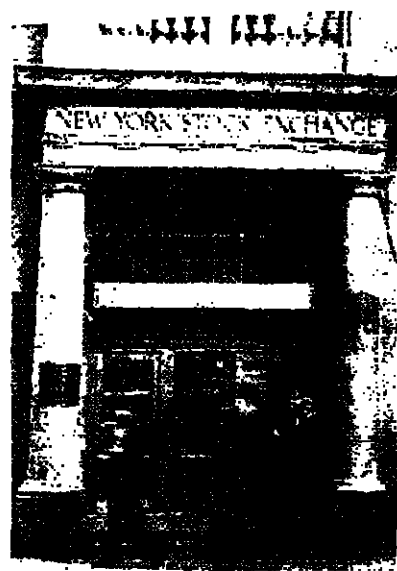
the prominent analyst who became famous after warning clients to sell stocks before the stock market crash of 1987, was released by her long-time employer Lehman Brothers because the securities firm could no longer afford her million-dollar salary.

Fortunately for Ms Garzarelli, she is regarded highly enough within the business that she should have no shortage of offers of employment from other firms. PaineWebber, in fact, was one name linked this week to the former Lehman star, but the firm may miss its chance to hire her if it does not move fast. Rivals such as DLJ and Dean Witter may already have their cheque books out, judging by their rapid raids on Kidder Peabody.

One firm which will almost certainly not bid for Ms Garzarelli's services, or attempt to hire any Kidder brokers for that matter, is Salomon Brothers, the big bond trading firm which has racked up huge losses this year.

On Thursday, Salomon announced it was cutting the pay of its top investment bankers and traders by two-thirds.

Although the bankers and traders were told they could make a lot of money in bonuses if they performed



The NYSE: centre of the battle ground

well, they were also warned that if they lost money for the firm, they could expect to see their pay cheques shrink accordingly.

Sweden's debt rating faces downgrading

By Conner Middelmann

Moody's Investors Service, the debt rating agency, yesterday placed Sweden's A2 foreign currency rating on review for a possible downgrade.

As a result, the A2 ratings on the foreign currency denominated bonds issued by the Kingdom of Sweden, the Swedish Export Credit Corporation, Forsmarks Kraftgrupp and Kommuninvest i Sverige, have also been placed under review.

Moody's cited its concern about the continuing accumulation of public-sector debt as a key reason for the move.

"Stronger economic growth, lower unemployment and additional fiscal restraint expected from the recently elected government suggest that budget deficits relative to GDP will shrink," it said. "Nevertheless, the build-up in public-sector debt will continue," it warned.

Moody's review will focus on the degree to which policies can be forged over the medium term to strengthen the public sector finances and improve the investment climate, it said.

Some observers were surprised by the timing of the announcement, coming just days before Wednesday's fiscal statement by Mr Goran Persson, the new finance minister. However, they said the move might serve as a reminder to the government that its top priority should be to get its fiscal house in order.

Mr Persson is expected to detail on Wednesday how he plans to undertake the SEK61bn (\$8.59bn) fiscal tightening the Social Democrats announced in the election campaign.

Last week he proposed a further 20 per cent cut in government spending over the next four years.

Belize Holdings buys stake in Panama group

By Stephen Fidler

Belize Holdings, the Nasdaq-listed company headed by the businessman Mr Michael Ashcroft, chairman of ADT, yesterday took a first step in what the company said was a strategy aimed at expanding its operations into central America and the Caribbean.

The group bought for \$13.5m a 75 per cent stake in Panama Holdings, a new company established in Panama to invest in infrastructure projects in that country.

Privatisation and a restructuring of companies there "offer timely prospects for entry into these businesses," the company said.

Mr Ashcroft owns more than 50 per cent of the shares of Belize Holdings, which held assets of \$137m at the end of last year.

Morgan Stanley wins Stet role

By Richard Lapper

Morgan Stanley, the US investment bank, has won a fierce contest to advise the Italian government on the privatisation of Stet, the state-controlled telecommunications holding company.

The government announced yesterday the approval of the recommendation by IRI, which owns some 85 per cent of Stet, to appoint Morgan Stanley. The bank has played a big role in the privatisation or breakup of a number of the world's big-

gest telecoms companies, including British Telecom and AT&T. Morgan Stanley was one of 21 firms in the competition which began late last year. The government said an Italian adviser would be appointed in the next few days to work alongside Morgan Stanley on equal terms.

Mr Stephen Waters, co-head of Morgan Stanley in Europe, said he believed it would be possible to complete the sell-off next year. "I think it is important to get it off when it's ready to go. My own sense is

that this can be in 1995."

The bank will help to shape the privatisation process and will play a role in deciding who will handle the sale of Stet shares to international investors.

Stet owns 80 per cent of Telecom Italia and other holdings in areas such as manufacturing and software, and ventures such as Stream, the multimedia company jointly owned with Bell Atlantic of the US. The sale is set to be one of the largest in the international telecoms sector.

Eurotunnel stands by projections

By Andrew Jack in Paris

Eurotunnel, the Channel tunnel operator, yesterday firmly stood by the projections given in its May rights issue prospectus as the French markets watchdog began its second inquiry into the company this year.

"The report put together in May contained all the information that we had available at the time," the company said. "We said the figures were sub-

ject to change but they were right at the time of the rights issue."

The response came after the Commission des Operations de Bourse, the French regulator, on Thursday night made public a letter to Eurotunnel announcing the start of an investigation after the close of the London and Paris stock exchanges.

It is concerned about the validity of the May projections and why the company did not

report sooner on the financial impact of a series of delays since then.

The release surprised Eurotunnel, which expressed concern that the details had been made public.

However, it is believed that the COB policy over the past few years has been to make release details of any formal inquiries which are wide-ranging and therefore likely to leak out to the press.

Claims provisions hit earnings at Aetna

By Richard Waters
in New York

Earnings at Aetna, the US insurance group, were hit by further additions to reserves to meet environmental claims during the third quarter, contributing to a 25 per cent fall in operating earnings.

The \$22m of extra reserves in the latest period come on top of a \$64m charge to cover indemnity-related pollution costs taken during the previous quarter. The earlier provision had shocked investors, and prompted concern that big environmental-related liabilities might be buried at other insurers as well. Hopes that a reform of the US Superfund environmental clean-up law would ease insurers' liabilities in this area have been dampened by the Clinton administration's failure to push through legislation in recent months.

The addition to reserves announced yesterday, although causing less consternation than the second-quarter charge, contributed to a slight

fall in Aetna's share price during the morning, against the background of a strongly rising stock market.

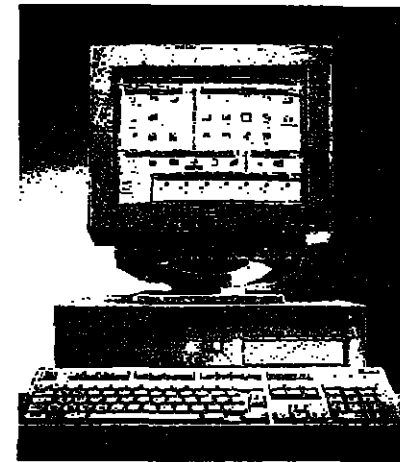
Aetna's latest results were also held back by higher catastrophe insurance losses, as the company added further to its estimate of the cost of the Los Angeles earthquake at the beginning of the year. Catastrophe losses during the third quarter were \$28m, \$10m more than the third quarter of 1993.

These factors, along with capital losses of \$11m compared with gains of \$13m a year ago, helped to mask an increase in underlying operating profits in the commercial property/casualty business, from \$48m to \$59. Personal property/casualty profits slipped on higher reinsurance costs.

Aetna's health and life insurance business, along with financial services, posted profit gains, while it took net capital losses of \$3m, compared with gains of \$2m the year before. Overall net income of \$123m, or \$1.15 a share, was down from \$228m, or \$2.03 a share.

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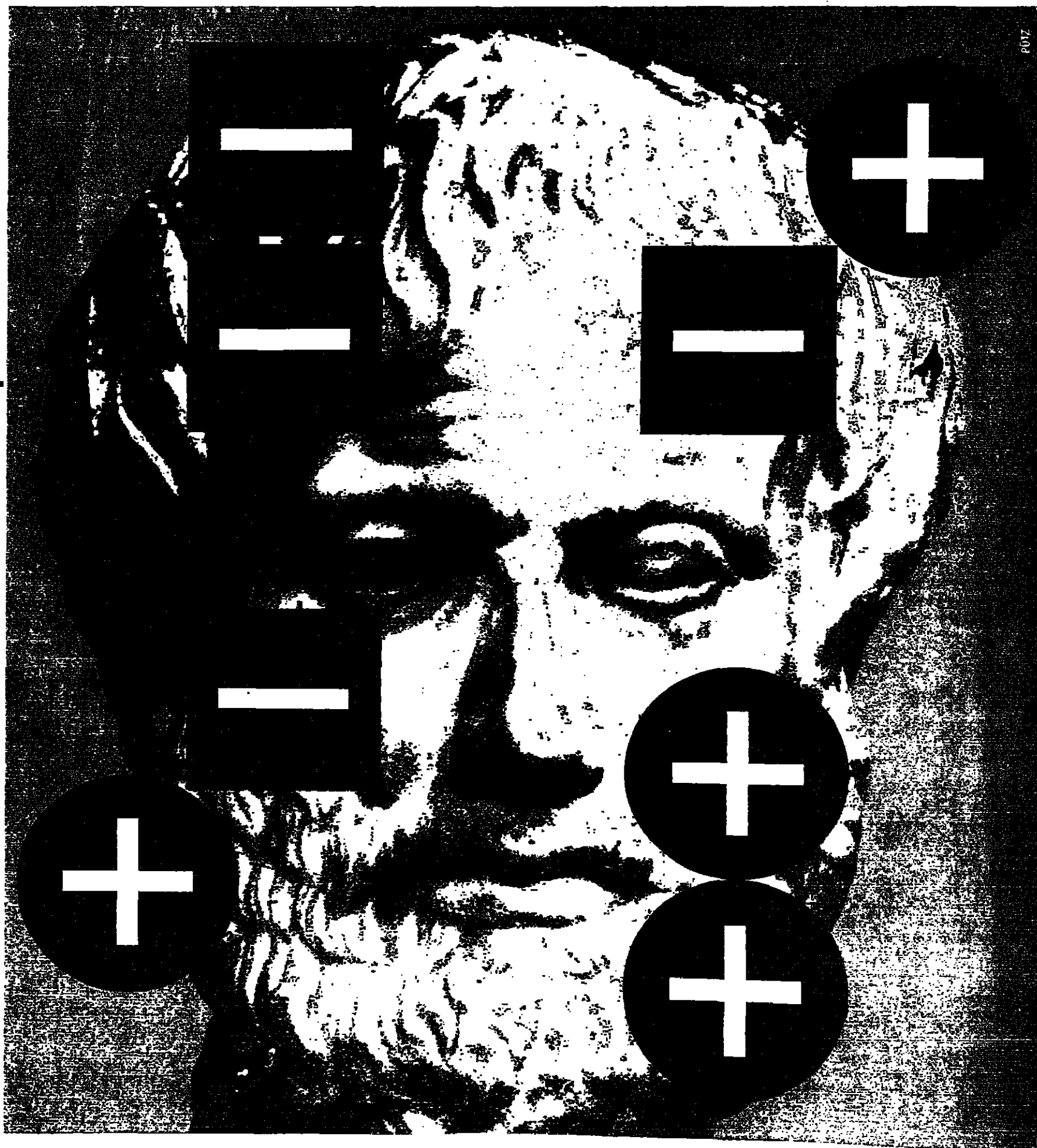
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Equity Shares Traded

Turnover by volume (million) Excluding intra-market business and overseas turnover 1,000

Aug Sep Oct 1994

	FT-SE 100 Index
-21.5	Closing index for Oct 28.....3083.
-23.1	Change over week+51.
-21.47	Oct 273029.
4.00	Oct 262999.
-34.3	Oct 253000.
8.54	Oct 243029.
-59.0	High3083.
8.85	Low2985.
2.22	"Intra-day high and low for week

IN OTHER REVENUE CATEGORIES

CURRENCY PRICE CHANGES YESTERDAY	
London (Pence)	
Raffia Pst	60 + 7
Bank of Scotland	205 + 8
Benchmark Bps	33 + 5
Biocure	26 + 7
Danka Business	305 + 17
GEC	278 + 7
Hays	286 + 11

Magnum Power	29	+ 8
Paritex	28	+ 8
Phonelink	230	+ 11
Reliance Security	159	+ 7
Reuters	477	+ 30
SEET	50	+ 4
Silish	152	+ 7
Tams (John)	80	+ 8
VSEL	1395	+ 72
Falls		
Amrix	57	- 5
Apollo Metals	88	- 5
Campari Int	24	- 11
Corwell Pkr A	99	- 9
OMI Int	43	- 6
Pascoe's	33	- 7
Procter	236	- 10

NEW HIGHS AND LOWS FOR 1994

[illegible]

AAI, Haverhill, MA; HOUSEHOLD GOODS (Q) Carmel Partners, Inc. Food Decor, INDIANAPOLIS; Koss, Hants, UK; Loveland, Lincoln; RECREATION (Q) American Leisure, LEBANON; H&M (Q) Astoria, OR; Grip Pro, Thing Int., MEDIA INTERACTIVE TECH., Portsmouth & Sunland; Slippy Kids, Tinney Int., WMAO, DO Wtcs, CO; EXPLODATION & PROOF (Q) Ocasione, OTH, MA; H&M (Q) American Leisure, LEBANON; PHARMACEUTICALS (Q) Gumpert, PLYMOUTH; PAPER & PAPER (Q) AIG, PROPERTY (Q) Chesterfield 5410 Park, Cleveland Trust, Lone & Metropolitan, Trafford Park, RETAILERS, FOOD (Q) Nucleon & Packard, RETAILERS, RETAILERS, RETAILERS, RETAILERS, SUPPORT SERVICES (Q) ISS-INT, AIA, Steel-TEXTILES & APPAREL (Q) Campari Int., Sherwood, ACRONICS (Q) Dun & Bradstreet, Haverhill, Rockwell.

from rival John Lewis, published yesterday, pointed to

The shares shed a penny 416p and other stores grooved were also weak. Kingfisher fell 4 to 473p against suspicion the company was beginning to talk quietly and cautiously about Woolworth's trading. Sears softened a half to 108p.

Reuters bought

News and electronic information group Reuters Holdings was one of the strongest performers in the FT-SE 100 as

figures combined with the impact of a strong dollar send the shares surging forward 6 per cent on the day. The market appreciates news that revenue for the quarter rose 25 per cent to £590m against the same period last year. Following warning

its operation was having a much improved year, with volumes up almost 50 per cent and margins widening. Carlton's video and audio production and distribution division accounted for more than half its profits for the six months to end-March and analysts are hoping for good news when the

vanguard of the market's advance, with specialists highlighting the sector's obvious exposure to a strengthening dollar. BP hit an all-time high in dollar terms, as US institutions chased the stock in the wake of excellent third quarter results from the leading US oil companies, including Shell Oil.

At the close BP were 13 higher at 428½, just short of the peak 430p reached last month. BP is scheduled to announce third quarter numbers on Tuesday. Specialists also said Chartered was the fifth highest bid for the company this year and reflected continued heavy buying from one of the London market's leading marketmakers; the share edged up 4 to 290p.

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■ FT-SE Actuaries All-Share										
		Days	Oct			Nov		Year	Div.	Earn.
		Open	27	27	28	27	28		%	/share
10	MINERAL EXTRACTIONS	2587.01	+2.3	2691.63	2682.10	2648.84	2468.00	5.34	4.8	3.9
12	INDUSTRIAL INDUSTRIES	3751.87	-0.8	3809.03	3803.32	3933.10	3169.20	3.32	5.2	5.3
15	OW, Integrated	2728.13	-2.3	2934.38	2923.30	2903.44	2440.30	3.46	4.9	3.4
16	Oil Exploration & Prod(1)	1659.27	+0.9	1761.57	1773.33	1852.94	1560.00	2.18	4.9	3.4
20	NON MANUFACTURING	1855.00	-0.9	1933.65	1921.67	1924.21	1831.40	4.11	5.1	4.1
21	Building & Construction	1025.28	-0.1	1040.28	1040.08	1051.18	1129.30	3.60	3.0	3.0
22	Utilities, Water, & Electricity	1827.87	-0.9	1797.17	1784.76	1768.73	1770.10	4.12	5.3	4.3

24 Chemicals	2284.82	+0.7	2288.67	2284.14	2282.82	2228.66	4.00	2.26
25 Diversified Industrials(1)	1782.01	+0.5	1781.23	1786.18	1725.10	1607.69	5.14	5.14
26 Electric & Tel Equip(2)	1782.01	+0.5	1781.23	1786.18	1725.10	1607.69	5.14	5.14
27 Engineering, Vehicle(2)	1782.01	+0.5	1781.23	1786.18	1725.10	1607.69	5.14	5.14
28 Printing, Paper & Polym(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
29 Health & Apparel(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
30 Consumer Goods(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
31 Services(1)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
32 Spirits, Wine & Cigarette(1)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
33 Food Manufacturers(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
34 Health Care(1)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
35 Health Care(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
36 Pharmaceuticals(2)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
37 Telecom(1)	2282.80	+0.7	2282.12	2282.41	2237.07	1944.50	4.20	3.20
38 Diversified(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
39 Leisure & Hotel(2)	2284.82	+0.5	2289.35	2284.69	2280.00	2088.00	3.74	7.30
40 Leisure & Hotel(2)	2284.82	+0.5	2289.35	2284.69	2280.00	2088.00	3.74	7.30
41 Media(2)	2284.82	+0.5	2289.35	2284.69	2280.00	2088.00	3.74	7.30
42 Telecom(2)	2284.82	+0.5	2289.35	2284.69	2280.00	2088.00	3.74	7.30
43 Retailers, Consumer(1)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
44 Support Services(1)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
45 Transport(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
46 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
47 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
48 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
49 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
50 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
51 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
52 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
53 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
54 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
55 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
56 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
57 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
58 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
59 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
60 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
61 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
62 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
63 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
64 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
65 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
66 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
67 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
68 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
69 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
70 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
71 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
72 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
73 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
74 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
75 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
76 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
77 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
78 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
79 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
80 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
81 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
82 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
83 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
84 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
85 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
86 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
87 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
88 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
89 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
90 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
91 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
92 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
93 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
94 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
95 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
96 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
97 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
98 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
99 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64
100 Telecom(2)	1001.38	+1.1	1001.83	1003.54	1000.78	983.10	3.26	3.64

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Hourly movements	Open	9.00	10.00	11.00	12.00
FT-SE 100	3041.3	3039.5	3038.5	3031.4	3030.5
FT-SE Mid 250	3457.5	3459.5	3459.5	3457.5	3457.5
FT-SE-A 350	1825.4	1825.5	1823.5	1822.5	1822.5

Time of FT-SE 100 High: 4.28pm Low: 12.35pm

	13.00	14.00	15.00	16.10	High/day	Low/day
2	3033.6	3048.4	3067.0	3088.5	3063.8	3024.7
0	3489.0	3487.3	3493.1	3500.4	3501.6	3483.3
8	1522.1	1526.4	1535.9	1544.1	1544.3	1519.6

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FT-SE Actuaries 350 industry						
	Open	8:00	10:00	11:00	12:00	
Adg & Chem	581.8	582.0	590.7	578.1	577.7	
Pharmaceuticals	2268.6	2268.9	2321.9	2313.0	2316.5	
Food	1877.3	1881.5	1888.9	1879.8	1878.0	
Banking	2641.4	2644.8	2641.4	2641.4	2641.4	
Basic	2641.4	2644.8	2641.4	2641.4	2641.4	
Energy	2641.4	2644.8	2641.4	2641.4	2641.4	
Health	2641.4	2644.8	2641.4	2641.4	2641.4	
Insurance	2641.4	2644.8	2641.4	2641.4	2641.4	
Technology	2641.4	2644.8	2641.4	2641.4	2641.4	
Utilities	2641.4	2644.8	2641.4	2641.4	2641.4	
Transportation	2641.4	2644.8	2641.4	2641.4	2641.4	
Other	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 350	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 100	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 250	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 50	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 10	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 5	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 1	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.5	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.1	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.05	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.01	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.00000000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.000000000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000000000005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0000000000000000000000000000000000000001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
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FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
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FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.001	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0005	2641.4	2644.8	2641.4	2641.4	2641.4	
FT-SE 0.0001	2641.4	2644.8	2641.4	2641.4	2641	


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WEEK IN THE MARKETS

Selling trims metal price rises

London Metal Exchange base metal contracts mostly survived a wave of pre-weekend profit-taking yesterday to end with most of the week's earlier impressive gains intact.

The only substantial loser on the day was aluminium, which closed \$14.25 down at \$1,827.50 a tonne for three months delivery. But that was still \$74.25 up on the week. In a hectic morning session the price had first soared to a fresh four-year high of \$1,870 a tonne, helped by news of another big fall in LME warehouse stocks, and then tumbled to \$1,810, before bouncing to \$1,833. The sellers returned after lunch, but not in sufficient force to spark off the major "correction" some

LME WAREHOUSE STOCKS (in thousands of tonnes)	
Aluminium	23,875 to 23,875
Aluminium alloy	1,400 to 2,540
Copper	1,700 to 3,575
Lead	1,350 to 1,115
Nickel	624 to 1,492
Zinc	24,875 to 21,200
Tin	385 to 30,240

pundits have forecast following this month's 15 per cent surge.

Mr Tony Bird of the Anthony Bird Associates consultancy warned this week that the multilateral agreement to curb aluminium production could collapse "quickly and chaotically" if the price rise continued unabated. Mr Ted Arnold, analyst at the Merrill Lynch financial services group, predicted meanwhile that some trade delegates would be arguing for capacity re-starts when signatories to the agreement meet next month. That did not mean the agreement was about to collapse, he said, "but it does suggest that it is starting to crumble well before its end-1995 deadline."

This sort of talk brought a response yesterday from Alcan, one of North America's biggest producers of the metal, which said its output by an annual 156,000 tonnes earlier this year.

"The fundamentals dictated the cutbacks; the fundamentals will dictate restarts," Mr Jacques Bougie, chief executive, told reporters after a presentation at the Alumtech '94 conference in Atlanta, Georgia. Stocks remained too high to permit a restart of capacity, he insisted.

Copper was also helped early on by news of a further fall in stocks, though much more modest than aluminium's. The three months price shot to a four-year high of \$2,690 a tonne before the profit-taking trimmed it to \$2,647. It closed at \$2,658.50, up \$15.50 on the day and \$102 on the week. The earlier strengthening of the market had been fuelled by speculative buying, notably from US investment funds.

Zinc also attracted the attention of speculators as its LME stocks fell speeded up. The announcement yesterday of a 2 per cent drop to 121m tonnes encouraged a rise to a near-two-year high of \$1,147 a tonne for the three months position. It eased to \$1,135.50, but was still \$47 up on the week.

Nickel was the only LME metal to register a stock rise yesterday, but that did not prevent it building on its earlier strength during the morning, when it touched \$7,450 a tonne. Subsequent selling took the price down to \$7,335 at the close, down \$25.50 on the day and up \$347.50 on the week.

Tin followed a similar pattern, reaching a 22-month high of \$6,070 a tonne for three months delivery but closing \$85 off that level.

At the London Commodity Exchange, coffee futures sank lower as uncertainty about the Brazilian weather outlook kept buyers on the sidelines. "Everyone is frightened to take a position," one dealer told the Reuters news agency. "Even the locals (traders operating on their own account) are scared to get into the market."

At the close the January futures position stood at \$3,489 a tonne, down \$70 on the day and \$176 on the week.

Richard Mooney

BASE METALS

LONDON METAL EXCHANGE

(Prices from Associated Metal Trading)

ALUMINIUM, 99.7 PURITY (\$ per tonne)

	Cash	3 mths
Close	1827.5	1827.5
Previous	1818.20	1841.50
High/Low	1828	1870/1820
AM Official	1828.30	1850.1
Kerb close	1828.30	1852.3
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

ALUMINIUM ALLOY (\$ per tonne)

	Close	Previous
7000	1780.50	1815.25
Previous	1780.50	1820.5
High/Low	1810.20	1845.35
AM Official	N/A	1810.30
Kerb close	N/A	N/A
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

LEAD (\$ per tonne)

	Close	Previous
65-5-7.5	671.5-2.0	671.5
Previous	658.0	671.5
High/Low	675/670	675/670
AM Official	668.0	668.0-7.0
Kerb close	N/A	671.2
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

NICKEL (\$ per tonne)

	Close	Previous
7218-25	7330.40	7330.40
Previous	7218-25	7330.40
High/Low	7218-25	7330.40
AM Official	7218-25	7330.40
Kerb close	N/A	7330.40
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

TIN (\$ per tonne)

	Close	Previous
5825-30	5870.00	5870.00
Previous	5825-30	5870.00
High/Low	5825-30	5870.00
AM Official	5825-30	5870.00
Kerb close	N/A	5870.00
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

ZINC, special high grade (\$ per tonne)

	Close	Previous
1114-5	1135.5	1135.5
Previous	1107-8	1135.5
High/Low	1114-5	1135.5
AM Official	1114-5	1135.5
Kerb close	N/A	1135.5
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

COPPER, grade A (\$ per tonne)

	Close	Previous
2673.5-90.5	2658.9	2658.9
Previous	2673.5-90.5	2658.9
High/Low	2673.5-90.5	2658.9
AM Official	2673.5-90.5	2658.9
Kerb close	N/A	2658.9
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

LME AM Official 25 mths 1.81952

Spot 1.8200 3 mths 1.8160 6 mths 1.8157 9 mths 1.8135

HIGH GRADE COPPER (COMEX)

	Close	Previous
124.25	124.25	124.25
Previous	124.25	124.25
High/Low	124.25	124.25
AM Official	124.25	124.25
Kerb close	N/A	124.25
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

PRECIOUS METALS

LONDON BULLION MARKET

(Prices supplied by N M Rothschild)

GOLD (Troy oz.)

	Price	£ equiv.
Close	388.70-387.10	59.84
Opening	388.40-388.80	59.84
Marking fix	387.70	237.423
Afternoon fix	387.70	237.423
Day's High	388.80-387.20	59.84
Day's Low	388.70-387.10	59.84
Previous close	388.40-388.80	59.84

LONG GOLD LEASING RATE (1/2 US\$)

	1 month	6 months	12 months
Close	4.58	4.58	4.58
Previous	4.58	4.58	4.58
High/Low	4.58	4.58	4.58
AM Official	4.58	4.58	4.58
Kerb close	N/A	N/A	N/A
Open Int.	N/A	N/A	N/A
Total daily turnover	N/A	N/A	N/A

SILVER (\$ per Troy oz.)

	Close	Previous
328.30	328.30	328.30
Previous	328.30	328.30
High/Low	328.30	328.30
AM Official	328.30	328.30
Kerb close	N/A	328.30
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

4% GOLD COINS

	Close	Previous
388.40	388.40	388.40
Previous	388.40	388.40
High/Low	388.40	388.40
AM Official	388.40	388.40
Kerb close	N/A	388.40
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

NEW SOVEREIGN

	Close	Previous
91.94	91.94	91.94
Previous	91.94	91.94
High/Low	91.94	91.94
AM Official	91.94	91.94
Kerb close	N/A	91.94
Open Int.	N/A	N/A
Total daily turnover	N/A	N/A

Precious Metals continued

GOLD COMEX (100 Troy oz. \$/Troy oz.)

	Sett price	Day's change	High	low	Open int	
Nov	387.3	-1.5	387.0	387.0	6	
Dec	388.7	-1.5	388.0	388.0	.	
Feb	392.2	-1.5	391.4	391.4	80,573	24
Apr	395.8	-1.5	396.1	395.5	19,989	

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Bank	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594	593	592	591	590	589	588	

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Company	Price	1994	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997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Rumbold move sparks fresh controversy

Major rebuts claims of ministerial impropriety

By Kevin Brown,
Political Correspondent

Mr John Major angrily rejected allegations of ministerial impropriety yesterday, and promised full co-operation with the director of public prosecutions' inquiries into claims that Mr Mohamed Fayed tried to blackmail the government.

Clearly annoyed by a fresh controversy over the resignation from a lobbying firm of Dame Angela Rumbold, a Conservative party deputy chairman, Mr Major rebuffed reporters who questioned him about her position during a visit to Wales.

"If you want to know about Angela's position, then you had better ask Angela. It is not a matter for me," he said. "I am not responsible for the headlines. I am not responsible for titillation."

Mr Major's outburst suggested that the strain of dealing with a week-long onslaught was taking its toll. But there was no sign of an end to the stream of accusations from opposition MPs.

Dame Angela, MP for Mitcham and Morden, said she resigned as a director of Decision Makers to prevent the firm being "dragged into some kind of unpleasant dogfight with the press".

Dame Angela, who had registered her interest in the firm, said the "campaign of innuendo" against the government "is becoming a quite unpleasant witch-hunt".

Labour claimed she had offered an "inside track" to the company during its successful campaign to have a station on the proposed Channel tunnel high-speed rail line sited at Ebbsfleet, Kent. Mr Michel Meacher, shadow transport secretary, accused Dame Angela of "hiring out her position and contacts" to businesses.

Downing Street said Mr Major took no part in the Ebbsfleet decision. He met the Ebbsfleet campaigners only once, by accident at a social engagement. The transport department said Mr Brian Mawhinney, transport secretary, had never met them.

Mr John McGregor, transport secretary until July, was also

said to have had no official meetings with the campaigners, but they did meet Mr Roger Freeman, then transport minister of state.

Mr Major, who had hoped that his announcement of a standing committee chaired by Lord Nolan would stop the sleaze allegations, said he would speak to the DPP about the blackmail allegations.

Mr Major also reaffirmed his confidence in Mr Jonathan Aitken, treasury chief secretary, who denies claims that he paid only half the bill for a stay at Mr Fayed's Paris Ritz hotel.

Friends of Mr Aitken said he was expected to release the documentary evidence which led Sir Robin Butler, the cabinet secretary, to clear him of accepting hospitality as a gift.

Meanwhile, a Harris poll for ITN suggested that 66 per cent of people think MPs' standards have declined since 1979, and 85 per cent think MPs should not receive money from lobbyists.

Tories put on brave face, Page 5
A better class of corruption, Weekend FT, Page 1

Tobacco companies face ban on ads in China

By Tony Walker in Beijing and
Roderick Oram in London

China plans to ban cigarette advertising in the media and in public places, threatening moves by foreign tobacco companies to expand into potentially the world's most lucrative market.

A new law, published in local newspapers yesterday, appeared to contain provisions outlawing tobacco advertising that are more restrictive than those in many western countries.

The law, due to come into effect in February, will ban tobacco advertising in films, television, newspapers and magazines. Advertising is also "forbidden" in waiting rooms, theatres and cinemas, conference halls and sports venues.

The Chinese smoke one-third of the world's cigarettes and the prospects of continued growth in the market have attracted foreign makers, facing flagging markets in the west. In Beijing, the representative of a leading tobacco company said the law appeared highly restrictive, but the company would seek clarification.

Philip Morris and RJR Nabisco of the US, and Rothmans International of the UK have established manufacturing joint ventures in China, and other companies are exporting. All are operating in an industry dominated by China's state tobacco monopoly, which has 96 per cent of the market and is reputedly the world's biggest cigarette producer.

One British manufacturer said that restrictions could make it harder for foreign companies to woo smokers away from Chinese brands.

Companies have been spending heavily on advertising in China. Philip Morris, through its Marlboro brand, sponsors the national soccer league, and others are also active in the sporting arena. Cigarette advertising on hoardings is also widespread, although whether existing hoardings will survive the new law is not clear.

Foreign tobacco industry representatives attribute the new law's apparently tough provisions to China's desire, where possible, to bring itself into line with international standards.

Interest among foreign companies in the potential of the China market is understandable, given the numbers involved. According to a survey last year by the State Statistical Bureau, 289m people over the age of 15, nearly 35 per cent of the population, smoke.

China has been reluctant to expose the lucrative state monopoly to foreign competition, are placed on. But this has not stopped a flood of foreign imports. In 1990, the Worker's Daily newspaper estimated that less than 1 per cent of foreign cigarettes on sale in China had passed through customs - the rest were smuggled.

THE LEX COLUMN

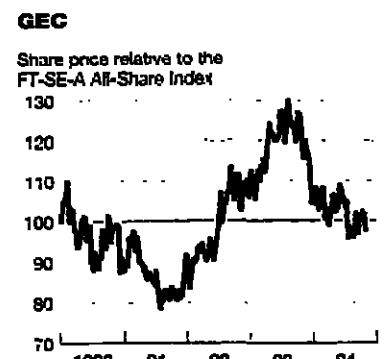
Pocketing battleships

The battle for VSEL is more likely to be decided by high politics than high finance. British Aerospace is campaigning for GEC's rival bid for the warship-maker to be blocked on competition grounds. So far, there is no definitive word from the Ministry of Defence. But GEC's purchase of a 14 per cent stake in VSEL suggests confidence on its part that the bid will receive the necessary approval.

Bae's decision to focus on politics reinforces the impression that it has little chance of winning a straight financial fight. GEC's cash offer is worth 12 per cent more than Bae's paper offer. The financial logic of merging with VSEL is so attractive that Bae will be tempted to improve its bid. But the company is not in a position to put up cash and, if it offers more paper, its share price would fall - so diminishing the value of a higher bid. Meanwhile, the group knows GEC could easily use its cash mountain to top any improved offer. GEC's current bid of £14 a share should enhance the group's earnings by around 2 per cent, giving it scope to pay more cash without suffering dilution.

VSEL is a pawn in a wider battle between GEC and Bae. Lord Weinstock, GEC's managing director, is anxious to force Bae to agree to a merger of the two groups' defence businesses before he retires. Without VSEL, Bae's balance sheet would be stretched. The company would find it harder to take the write-offs necessary to restructure its troubled turboprop business. That does not mean a Bae deprived of VSEL would automatically fall into Lord Weinstock's lap. But the pressure would be on.

FT-SE Index: 3083.8 (+24.2)



Share price relative to the FT-SE All-Share Index

Source: FT Graphite

financial centre - have not succeeded. Germany may be Europe's leading industrial power, but its financial system remains relatively underdeveloped while its equity markets are over-regulated and illiquid.

Deutsche Bank will not find it easy to achieve its ambitions. While Morgan Grenfell still has a strong presence in corporate finance, neither it nor its parent is known for equity research and trading. There is also a big question over whether Deutsche can successfully merge its solid but slightly stodgy culture with Morgan's more entrepreneurial spirit. One reading of the decision to locate the investment banking headquarters in London is that Morgan's culture will come up on top. But, given that Deutsche has yet to agree a name for the business, it would be a mistake to bet on it.

Deutsche Bank

It has taken Deutsche Bank five years to decide to integrate its investment banking activities with those of its Morgan Grenfell subsidiary. Even so, yesterday's belated decision to do so gives Germany's largest bank a sporting chance of joining the investment banking big league with the likes of Goldman Sachs and Merrill Lynch. Its decision to locate the headquarters of the operation in London also strengthens the City's position as Europe's pre-eminent financial centre.

Other Continental banks, seeking to develop their corporate finance and international equity businesses, may feel under pressure to follow suit.

The decision is undoubtedly a blow to Frankfurt. Efforts to bolster Finanzplatz Deutschland - Germany as a

Markets

Markets on both sides of the Atlantic had worked themselves into such a state of nerves ahead of the US GDP numbers that even the distinctly mixed figures were met with a huge sigh of relief. The initial alarm created by the 3.4 per cent growth figure only exaggerated the bounce when traders digested the lower-than-expected price deflator. Yet this probably had more to do with the shape of trading books ahead of the news than any change in sentiment.

Those worried about US inflation were not cheered by the low deflator figure. Their argument is precisely that the Federal Reserve is being lulled by good inflation statistics and will not take the stern action required until it is too late. Nor were they

impressed by the large element of stock building in the GDP figure since they believe that inflation is already working its way through the system as a result of past growth.

In London, by contrast, markets are more inclined to accept the Bank of England's relaxed view about UK inflation prospects - something likely to be reinforced by next week's quarterly inflation bulletin. This has helped gilts outperform the US and German bond markets. Yesterday's rally made up most of the ground lost earlier in the week. Shares did even better with the FT-SE 100 up 51 points on the week. But they still remain largely at the mercy of Wall Street, judging by recent experience yesterday's recovery in US bonds and the dollar is likely to be short-lived.

Scottish Hydro

The City has no doubt that Scottish Hydro-Electric was harshly treated by its regulator when the company's new pricing regime was announced last month. Its shares have underperformed the sector by almost a fifth since August when Professor Stephen Littlechild announced price caps for the 12 regional electricity companies in England and Wales. That regime should allow the RECs' distribution businesses to make a real rate of return of around 7 per cent, as will the cap announced for Scottish Power. Yet Scottish Hydro claims its rate of return on distribution will be squeezed to less than 2 per cent.

In rejecting the new cap and forcing a reference to the Monopolies and Mergers Commission, the company appears on strong ground. In its review of British Gas, the commission suggested an appropriate rate of return for a utility would be 8.5 per cent to 7.5 per cent - a judgment that the electricity regulator took into account in his review.

Scottish Hydro seems to have been singled out for special treatment because the price control at privatisation was tied too tightly. Treating it equally now would mean allowing the company's distribution prices to rise significantly relative to other regions.

After the political furore that followed Prof Littlechild's generous treatment of the RECs, it is not surprising that he was reluctant to take such a course.

There must have been a temptation to follow the water regulator's example with South West Water and pass the hot potato to the commission.

Santer nears deal on naming posts for EU commissioners

By Lionel Barber in Brussels

Mr Jacques Santer, next president of the European Commission, was last night close to a deal over the apportioning of new portfolios, the first test of his grip on colleagues and clout with member states.

Pressure was increasing on the two hold-outs - Sir Leon Brittan and Mr Hans Van den Broek - to fall into line at today's meeting in a Luxembourg chateau attended by the new 21-strong Commission.

A deal would enhance the reputation of Mr Santer, who has displayed a shrewd touch and a steady determination during tense negotiations over portfolios. The chief obstacle remains the allocation of responsibilities in external relations, with Sir Leon, the chief EU trade negotia-

tor, reluctant to cede responsibility for relations with central and eastern Europe to Mr Van den Broek, the former Dutch foreign minister, who is in charge of political affairs.

Sir Leon would retain the powerful multilateral trade portfolio as well as relations with the US and Japan; but he would lose a plum area since one of the main tasks of the next Commission will be to lay the groundwork for EU membership for Poland, the Czech Republic and Hungary.

Mr Van den Broek is also uneasy about Mr Santer's plan to assume personal control over foreign and security policy, though he has received assurances that he will still be responsible for orthodox diplomacy.

Officials close to Mr Santer portray the foreign policy plan as a bid to break up personal fief-

doms. Others suspect he intends to dilute the Commission's role in foreign policy-making in deference to the member states.

On Thursday, Mr Jean-Luc Dehaene, the Belgian prime minister whose bid last summer to succeed Mr Delors failed only because of a UK veto, warned against the Commission yielding powers.

One surprise is the expected announcement that Mr Franz Fischler, the former Austrian agricultural minister, will take over the farm portfolio.

Other key posts expected to be agreed today include the Emu portfolio to Mr Yves-Thibault de Silguy, a French civil servant, and transport to Mr Neil Kinnock, the former UK Labour party leader.

Rome's choice, Page 2

Deutsche Bank puts its money on London

Continued from Page 1

investment banking board would be established under the chairmanship of Mr Ronaldo Schmitz, Deutsche Bank board member, and also comprising Mr John Craven, Morgan Grenfell's chairman, and Mr Michael Dobson, Morgan chief executive who will run the combined operation.

"Investment banking is an Anglo-Saxon business," said Mr Schmitz. "We want to achieve the global integration of our investment banking business."

This can't be done in Frankfurt. It's got to be in London. New York is outside our time zone. Europe is of overwhelming significance for us."

Mr Kopper said customers expected a range of services from investment bankers. "A truly European bank must have an integrated pan-European management operating from its largest market - that is London for international products."

Together, the Deutsche Bank and Morgan Grenfell investment banking operations employ more

than 6,000 people: last year, Deutsche earned a pretax profit of nearly DM2bn (\$1.34bn) before tax from investment banking with Morgan Grenfell's profits totalling £236m.

Helped by changes in the law and a more relaxed attitude towards new financial instruments by the Bundesbank (Germany's central bank), Frankfurt has made progress towards becoming a more effective financial centre. But bankers agree its future lies more as an important regional centre.

FT WEATHER GUIDE

Europe today

Low pressure over the southern North Sea will bring rain to the Benelux, Germany, and north-west France. Further to the south-east, cloud will give way to sun. Most of Spain will have cloud interspersed with sunny spells, although the sun will dominate, especially in the west. Showers will linger in the south-east. Italy will have high cloud and a few showers. Showers, some with thunder, are expected in the western Balkans. Southern parts will have sunny periods but the north will be cloudy. The north-west Balkans will have showers. More rain is expected in western Russia.

Five-day forecast

High pressure will develop over central Europe after the weekend. At the same time, a new depression over the Atlantic will strengthen, creating a ridge of high pressure over north-west Europe. Consequently, central and parts of northern Europe will be more settled. The UK and north-west edge of the continent will remain unsettled although temperatures will rise. The central Mediterranean will have thunder showers.

TODAY'S TEMPERATURES

Location	Temp	Location	Temp	Location	Temp
Abu Dhabi	30	Beijing	14	Caracas	31
Accra	31	Belfast	11	Cardiff	13
Algiers	24	Berlin	10	Casablanca	21
Amsterdam	10	Bombay	26	Chicago	15
Athens	24	Buenos Aires	21	Cologne	11
Atlanta	21	Calcutta	28	Dakar	30
B. Aires	16	Chengdu	12	Dallas	28
B. Ham	12	Dhaka	28	Delhi	32
Bangkok	33	Dubai	33	Hankow	14
Barcelona	18	Dubrovnik	12	Hong Kong	25
		Edinburgh	9	Honolulu	24
				Istanbul	18
				Jakarta	28
				Karachi	30
				Kuwait	35
				La Paz	13
				Las Palmas	24
				Lima	22
				London	13
				Luxembourg	18
				Lyon	13
				Madrid	22
				Manila	28
				Moscow	10
				Mumbai	30
				Nairobi	26
				Naples	18
				Nassau	24
				New York	18
				Nice	18
				Nicosia	18
				Osaka	18
				Paris	18
				Perth	28
				Prague	10
				Rangoon	34
				Reykjavik	3
				Rio	26
				Rome	18
				S. Francisco	15
				Seoul	15
				Singapore	29
				Stockholm	7
				Strasbourg	12
				Sydney	21
				Taipei	22
				Tokyo	21
				Toronto	13
				Vancouver	9
				Venice	17
				Vienna	10
				Warsaw	8
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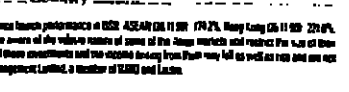
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FINANCE AND THE FAMILY: THE PENSIONS SCANDAL

How losers will be compensated

Debbie Harrison explains the ways you can now get redress if you switched wrongly to a personal plan

The Securities and Investments Board (SIB), the chief regulator of the financial services industry in the UK, told insurance companies and financial advisers this week how to compensate thousands of people who incurred financial loss when they gave up company pension scheme benefits in favour of a personal pension plan. SIB identified three groups which may qualify for compensation:

■ **Pension transfers** - people who transferred company pension benefits to a personal pension plan.

■ **Opt-outs** - employees who left a company scheme to take out a personal plan.

■ **Non-joiners** - employees who did not join a company scheme because they were sold a personal plan.

Each group is divided into priority and non-priority cases. If yours is a priority case, it will be reviewed automatically within two years by the organisation responsible for the sale. If poor advice is proved, the organisation must follow SIB's rules on calculating and paying compensation.

The provider or adviser must set out compensation details in a "letter of redress". Under SIB's guidelines, you could be reinstated in your former company scheme or receive a top-up to your personal plan. Either way, the compensation should return you to a position equivalent to the one in which you were before you took out the personal plan.

SIB has legal power under the Financial Services Act 1986 to enforce its rules and will monitor the system closely. But your case will not be considered for compensation if:

1. You were self-employed when you took out a personal plan.

2. Your employer did not have an occupational scheme.

3. You were advised to transfer, opt out or not join before April 30 1988 when the Financial Services Act began.

4. Your complaint relates solely to investment performance.

If you are not on the priority list but think you have a justified complaint, you should write to the organisation that

The personal pensions scandal was revealed in December 1993. That was when the Securities and Investments Board (SIB), the chief City regulator, reported that only 10 per cent of employees urged to transfer company pension benefits to a personal plan were given good advice.

SIB's finding was based on research by accountant KPMG Peat Marwick, which examined 735 cases of opt-outs from company schemes over 2½ years. The advice given by the insurance salesmen and independent advisers, on which the sales were based, showed an almost uniform failure to comply with rules set by the regulators.

More than 5m personal pensions have

been sold since they became available in July 1988. Life offices paid their own agents and independent advisers large commissions to sell the product, and took a further cut themselves to cover administration and investment charges. All these deductions came out of the employees' pension pot.

As a general rule, company schemes offer much better value than personal plans because the level of pension is guaranteed and is linked to the member's final salary. Annual pension increases may also be guaranteed, as are death and disability pensions.

With a personal pension, the investment risk rests with the individual; there are no

guarantees on what the pension will be worth, and any extra insurance cover must be paid for separately. Moreover, employers usually make a substantial contribution to the company scheme but rarely contribute to an employee's individual plan. (See page IX for how to make the choice between personal plans and company schemes)

About a quarter of the transfers examined by KPMG came from local government and the public sector, which run some of the best schemes in the country. These offer index-linked pensions and penalty-free transfers, provided an employee changes job within the public sector. Many teachers and nurses were among the unwitting victims (see right).

rebate paid to employees' personal plans where they opt out of the state earnings related pension scheme (Serps). These cases should be reviewed by June 30 1995.

Group 3 includes people who were over 35 when they left an employer's scheme and took out a personal pension (both rebate-only and where extra contributions are paid) and who are no longer with the same employer. These cases must be reviewed by December 31 1996.

Where more information is required on the employees' pension options at the time of the sale, SIB asked providers to send questionnaires to priority cases. These will go out early next year.

Comment: Most people who were advised to opt out of a company scheme for a personal pension in theory should receive compensation because personal pension benefits do not match up to those offered by most schemes. But Philpott warns: "The logistics of identifying opt-outs is enormous and non-response will reduce significantly the numbers compensated."

Moreover, the priority category includes only those who are still with the same employer. If you changed jobs since taking out the personal plan - and an estimated 60 per cent have done so - then you are a non-priority case. Non-joiners represent the most difficult category to assess and experts believe few will be compensated.

Sources of help. For advice, telephone the Personal Investments Authority (PIA) pensions unit on 071-417 7001; fax: 417 8100.

If you disagree with your review, you can complain to the relevant ombudsman or arbitration scheme. The provider or adviser should explain the appropriate complaints procedure in the redress letter.

To get SIB's fact sheet, *The Pension Transfer and Opt-Out Review*, send a large SAE to Pensions Fact Sheet, P.O. Box 701, Basildon, Essex SS14 3FD. *Source: Lexis Pension Consultants.

■ Picking the right pension - page IX

Which priority group do you fall into?

Pension opt-outs

Priority groups	By which most cases ought to be reviewed	Target date
Priority group 1 People who are retired/spouses or dependants of people who have died People who left an employer's scheme, were aged 35 or over at the time they took out a personal pension and who are still with the same employer	31 December 1995	
Priority group 2 People who decided not to join an employer's pension scheme, were aged 35 or over at the time they took out a personal pension, are paying their own money into a personal pension and who are still with the same employer People who left an employer's pension scheme, were under 35 at the time they took out a personal pension, are paying their own money into a personal pension and who are still with the same employer	30 June 1996	
Priority group 3 People who left an employer's pension scheme, were aged 35 or over at the time they took out a personal pension and who are no longer with the same employer	31 December 1996	

Source: Securities and Investments Board

sold you the personal pension, setting out the relevant details. Where individuals complain, SIB has asked organisations to review the case within two years of the request.

The whole process - from identifying those who have lost out, to paying compensation - is complex and time-consuming. The following guide, together with the diagram showing priority cases, could help you through the maze.

PENSION TRANSFERS

Total number of cases: 800,000.
Priority cases: 100,000.
Number expected to receive compensation: 20,000.
Average compensation per case: £2,500.

Priority cases: These are split into two groups of older employees, since these face the

most immediate difficulties in the run-up to retirement. The first group includes men over 55 and women over 50 at the time of transfer; those who have retired already; and the spouses and dependants of people who have died. These cases will be reviewed automatically by December 31 1995.

The second group includes men between 50 and 54 and women between 45 and 49 at the time of transfer. These cases will be reviewed automatically by December 31 1996.

Comment: The number of priority cases is small compared with the total and, of these, very few are expected to be compensated. Mitchell Philpott, director of independent adviser Lexis Pensions Consultants, says: "For many of these cases, actuarial calculations

will show that prospective loss has not occurred."

James Higgins, managing director of independent adviser Chamberlain de Broe, adds: "Unfortunately, with the way personal pensions are sold, the client believes the transfer represents a simple choice between two similar pension arrangements. He probably did not understand what guarantees were given up, yet might well have signed a statement saying he did."

PENSION OPT-OUTS
Total cases: 450,000.
Priority cases: 150,000.
Number expected to receive compensation: 250,000-300,000.
Average compensation per case: £10,000.

NON-JOINERS
Total cases: 1m.
Priority cases: 60,000.

Pension transfers

Priority groups	By which most cases ought to be reviewed	Target date
Priority group 1 Men over 55 at the time of transfer Women over 50 at the time of transfer People who have retired Spouses and dependants of people who have died	31 December 1995	
Priority group 2 Men aged between 50 and 54 at the time of transfer Women aged between 45 and 49 at the time of transfer	31 December 1996	

Priority cases: SIB assessed the opt-outs and non-joiners together in three priority groups. The first includes (a) people who are retired, and the spouses or dependants of those who have died, plus (b) people who left an employer's scheme, were 35 or over at the time they took out the personal plan, and who are still with the same employer. These cases should be reviewed by December 31 1995.

Group 2 includes non-joiners over 35 when they took out a personal plan who are still with the same employer, plus those who were under 35 when they left the employer's scheme and who are still with the same employer.

The latter group must be paying contributions in addition to the National Insurance



Sutoris... High Court writs have been issued

Teresa Humphries

Mugged by salesmen

Mike Sutoris, a former teacher who now works in local government, got a multiple mugging from personal pension salesmen. The National Union of Teachers (NUT) has issued a High Court writ against the life companies involved.

The teachers' scheme is one of the best in the country in terms of guaranteed benefits and annual pension increases. For those who move within the public sector and local government, it is possible to transfer the full value of benefits.

Yet, Sutoris was advised in November 1987 to leave and start a retirement annuity contract - the forerunner to personal pensions - which took effect from early 1988. Later that year, he was advised to transfer his seven years' benefits out of the teachers' scheme to a personal plan.

"No mention was made of the guaranteed indexed pension I was giving up and the investment risks associated with personal pensions," he said. "I didn't realise I would lose out on the transfer - if I had known, I would not have gone ahead."

On the salesman's advice, he opted out of the state

earnings-related pension scheme (Serps), and his rebates of National Insurance contributions were channelled into a separate personal plan.

Later, he was sold three more personal pensions to increase his regular premium policy in line with his salary increases.

The NUT has a heavy caseload of similar cases. Debbie Smith, who works in the legal department at the union's headquarters, said: "We have up to 100 complex cases like Mike's and our 10 regional offices have a similar case-load. Over 50 different life offices are involved."

Time is running short for some victims but the NUT has taken steps to protect these members. Smith explained: "When one of our members was sold a personal pension in 1988, we have issued High Court writs to protect them against the six-year breach of contract time limit."

Several other unions, including the GMB, the miners and the nurses, are co-ordinating cases. If you have not yet done anything about your transfer, ask your union if it will help.

D.H.

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FINANCE AND THE FAMILY

The week ahead

Cost-cutting lifts BP

TUESDAY: British Petroleum is expected to announce net profits of about £360m when it publishes third-quarter results. Cost-cutting in recent years is likely to leave it with a stronger improvement than has been achieved by its peers. The chemicals division could bring pleasant surprises, with a solid performance in the US.

TUESDAY: Interim results from Thames Water open the water companies' reporting season. The interims are expected to show an 8 per cent rise in pre-tax profits, before exceptional, to £1.48m.

Investors will be watching two issues very closely in the first results after the summer's price review: first, the dividend, forecast to show an 8 per cent increase to 8p; and, second, the performance of the non-core businesses. A dose of further bad news on the non-core operation would not be welcomed.

TUESDAY: Powerscreen Inter-

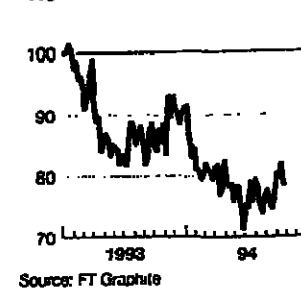
national, the Northern Ireland-based manufacturer of screening and stone-crushing equipment, is expected to report interim pre-tax profits of £13m-£14m, against £12.6m last year. Analysts will be examining the performance of Simplicity Engineering and Ludlow-Saylor, two US businesses acquired in February.

WEDNESDAY: BET, the business services group, is expected to report pre-tax profits of about £54m for the six months to September, compared with £47m, but the picture is clouded by uncertainty over the scale of further rationalisation costs. The group, which over-expanded through acquisition in the 1980s, has recently seen a couple of high-level departures and analysts will want reassurance that its recent recovery remains on course.

Specifically, there has been little sign so far of the "bolt-on" acquisitions which

BAT Industries

Share price relative to the FT-SE-A All-Share Index



Source: FT Graphics

John Clark, the chief executive, mooted in May. WEDNESDAY/THURSDAY: Interims from J. Sainsbury, the UK's largest food retailer (Wednesday) and final results from Kwik Save, the biggest discount chain (Thursday), should provide an insight into the state of the grocery market.

Pre-tax profit forecasts for Sainsbury range from £430m to about £460m, with the consensus at around £445m - a 7 per cent increase from a re-stated £417m last year. Sales in the supermarket chain are expected to be up by about 7.5 per cent, with little price inflation. Forecasts for Kwik Save are concentrated around £130m, an increase of only 3 per cent from last year's £126m. The group has been affected by the increased competition in the market, which is eroding its price advantage over the supermarkets. Analysts are looking for an increased interim dividend of about 5.5p, against 4.8p last time.

WEDNESDAY: BAT Industries is expected to report an increase of about 10 per cent in third-quarter pre-tax profits from last year's £455m. The main growth will come from US tobacco where BAT, along with other producers, has enjoyed a recovery from last year's pricing traumas brought on by "Marlboro Friday".

THURSDAY: Speculation over the future of Boots' pharmaceuticals division is expected to overshadow sharply improved interim figures from the retailing and drugs group.

Although it is expected to highlight an increase of about 33 per cent in first-half profits, analysts are likely to focus on the outcome of the company's year-long review of the drugs business.

This was prompted by last year's withdrawal of the heart drug Manoplax, which left a gap in products under development. Boots' officials insist they are under no pressure to sell the business, which remains both profitable and cash-generative. But rumours that disposal was the favoured choice were heightened earlier this year when the company issued a confidential sales memorandum for potential bidders.

While confirming that it is in discussions with a number of companies, the group remains coy about its intentions - partly to avoid rousing fears of a possible withdrawal from Nottingham, where the pharmaceuticals division is based. Meanwhile, interim pre-tax profits are forecast to have risen from £174.6m to about £231m, although last year's figures were depressed by £36m of charges. The chemicals' chain, however, is expected to remain the most profitable division.

Directors' transactions

Ross boss sells 2m

DIRECTORS' SHARE TRANSACTIONS IN THEIR OWN COMPANIES (LISTED & USM)

Company	Sector	Shares	Value	No of directors
SALES				
Elam	RetG	59,999	172,797	2*
Farnell Elec	Dist	11,000	57,750	1
Independent Ins	Ins	150,000	373,500	1
Rapra	Dist	50,000	50,000	2
Ross Group	Dist	2,000,000	152,900	1
Scholes	EESE	175,029	437,573	1*
Steel Bunt Jones	Insu	30,000	33,000	1
Storm Group	Meda	283,101	31,141	1
Time Products	Dist	25,000	59,000	1
Watmoughs	PPSP	10,000	38,700	1
Westhropson	Brew	17,500	72,450	1
PURCHASES				
Argos	RetG	6,230	19,998	1
Carpetright plc	RetG	20,000	45,400	1
Cat's (Hedge)	ChnF	10,000	13,000	1
Eastonell	Trans	5,000	12,968	2
Exco	Dist	200,000	360,000	1
Fairway	PPSP	166,456	136,494	2
Ferrum Hdgcs	Eng	50,000	17,000	1
Greencore	Hth	92,000	10,120	1
Group Dev	InvT	262,298	150,034	3
Hambro Countrywide	Prop	60,000	25,800	1
INGCO	Prop	280,000	28,000	2
Indefinable Ins	Insu	14,000	19,500	2
Kleinwort Endowment	InvT	20,000	21,000	1
MAI	ChnF	5,000	12,100	1
Mezzanine C&I Trust	InvT	10,000	28,800	1
Senior Engineering	Eng	25,000	18,700	2
Taylor Woodrow	BCon	20,963	24,427	2
Town Centre	Prop	12,000	14,760	1
Urd Drug	Hth	10,000	19,500	1
Wace Group	PPSP	15,000	33,150	1
Wassall	Dist	20,000	58,000	1
Whitman	Eng	8,000	31,640	1

Value expressed in £000s. This list contains all transactions, including the exercise of options (*) if 100% subsequently sold, with a value over £10,000. Information released by the Stock Exchange 17-21 October 1994. Source: Directors Ltd, The Inside Track, Edinburgh

RESULTS DUE

Company	Sector	Annuncnt due	Dividend (p)		
			Last year		This year
			Int.	Final	Int.
FINAL DIVIDENDS					
Bellgrove	BSC	Wednesday	4.0	8.0	2.2
Broadgate Inv Tst	InvT	Wednesday	-	1.8	-
Edinburgh Inca Tst	InvT	Monday	-	-	-
Euromoney Publications	Med	Thursday	10.5	27.5	13.0
Fleming Chinese Inv Tst	InvT	Monday	-	-	1.6
Frederick Cooper	Eng	Wednesday	0.7	1.5	0.6
Int Comm & Data	InvT	Monday	-	-	-
Kwik Save Group	RetG	Thursday	5.4	12.9	5.75
Lowland Inv Co	InvT	Monday	3.2	5.8	3.3
MWT Computing	Softw	Thursday	-	-	-
On Demand Info	Med	Wednesday	-	-	-
Scottish Nat Tst	InvT	Tuesday	-	-	-
Smart 50 Contractors	BSC	Thursday	2.3	6.2	2.3
Urbane Plc	FMA	Thursday	0.2	0.4	-
INTERIM DIVIDENDS					
Abstract New Thel IT	InvT	Monday	-	1.0	-
Anglo St James	Prop	Monday	-	-	-
BAT Industries	RetG	Wednesday	-	-	-
BP Co	Oil	Tuesday*	2.5	-	-
Barnes Homes Group	BSC	Friday	-	1.0	-
Bertam Hdgcs	OSV	Monday	-	2.5	-
Beverley Group	n/a	Monday	-	-	-
Boots Co	RetG	Thursday	4.1	10.1	-
Burtonwood Brewery	Brew	Friday	0.7	4.3	-
Campbell & Armstrong	BSC	Monday	-	-	-
Capital Clearing Tst	InvT	Tuesday	-	0.43	-
Cable Int	InvT	Monday	-	-	-
Cook (William)	Eng	Friday	2.5	5.0	-
Currys Business Systems	EESE	Monday	0.75	0.75	-
Faircliff	BSC	Monday	-	-	-
Finsbury Tst	InvT	Thursday	1.2	2.0	-
Germans Inv Tst	InvT	Monday	-	1.25	-
German Smaller Co's Inv	InvT	Thursday	-	1.4	-
Jermyn Inv Co	InvT	Wednesday	-	-	-
Mezzanine Cap & Inc Tst	InvT	Wednesday	-	-	-
Newport Hdgcs	Prop	Monday	-	-	-
Northumbrian Fire Foods	FMA	Monday	0.5	2.0	-
Oceanic Corp	OSV	Monday	0.5	2.0	-
Panther Securities	Prop	Friday	-	-	-
Powerscreen Int	Prop	Tuesday	2.0	5.3	-
Quadrant Group	LeH	Thursday	-	-	-
Rockwood Mineral Hdgcs	Dist	Monday	-	-	-
Rugby Properties	Prop	Thursday	1.0	1.5	-
Reynolds	Test	Tuesday	1.0	1.5	-
Rose Evans Inv	OSV	Monday	-	2.0	-
Salsland	Prop	Tuesday	0.6	0.79	-
Sainsbury (J)	RetG	Wednesday	3.0	7.8	-
Schroder Korea Fund	InvT	Tuesday	-	-	-
Serim Healthcare Group	InvT	Thursday	1.9	4.8	-
Siam Selective Growth	InvT	Tuesday	-	-	-
St David's Inv Tst	InvT	Monday	-	-	-
Thames Water	Prop	Friday	7.4	15.1	-
Toys & Company	Dist	Monday	-	-	-
Westbury	BSC	Tuesday	1.75	3.5	-

*Dividends are shown net of tax and are adjusted for any intervening scrip issues. Reports and accounts are not normally available until about 6 weeks after the board meeting to approve preliminary results. 1: 1st Quarterly, 2: 2nd Quarterly, 3: 3rd Quarterly

TAKE-OVER BIDS AND MERGERS

Company	Value of bid per share	Market price	Price before bid	Value of bid	Bidder
Prices in pence unless otherwise indicated					
Altkan Hume	55	51	51	29.60	Allied Group
Andrews Sykes	85	68	67	10.70	Euro Fire Prot.
Albion	100	114	108	384.00	Browning-Ferris
Dale Electric	70 1/4	72	60	18.00	TT Group
Plantbrook	175	173	165	193.00	SCI
Scholes	250	253	193	98.10	Hanson
Tewkes	275	268	243	4.25	London City
Trans World	181	178	173	70.20	EMAP
VSEL	1291	1294	1228	490.27	Brit Aerospace
VSEL	1400	1394	1323	532.00	GEC

*All cash offer. **For capital not directly held. *Unconditional. **Based on 2.20 pence per share. 21/10/94. 15 shares and 100 shares.

PRELIMINARY RESULTS

Company	Sector	Year	Pre-tax profit (£000)	Earnings* per share (p)	Dividends* per share (p)
Air London	Trans	Jul	726	£40	3.5
BM Group	Eng	Jun	71,600 L	(117,000L)	1.1
Bridport Gundry	Text	Jul	733	(162)	6.16
Bula	QOE	Jun	1,350 L	(2,570 L)	-
CentreGold	U&I	Jul	4,000	(2,720)	7.3
DY Davies	Prop	Apr	56 L	(195 L)	-
Eastman	Pharm	Jun	1,410	(1,900)	8.05
Fleming Japanese Inv	InvT	Sept	260.7	(245.1)	0.02
IAMS Group	FMA	Aug	12,800	(10,100)	2.45
London & St Lawrence	InvT	Aug	180.4	(173.32)	8.86
Majestic Investments	InvT	Sept	227.0	(221.0)	5.64
McGeddie	Eng	Jul	35,300	(24,500)	27.1
Prosecc	EESE	Jul	2,210	(1,950)	5.6
Scottish Metro Prop	Prop	Aug	11,300	(1,780 L)	8.82
Sunest & Vine	Med	Jun	1,000	(108)	12.1
Trace Computers	SPSW	May	410	(211)	2.33
UDD Holdings	OSV	Jul	4,910	(3,720)	11.85
Wolsey	Softw	Jul	202,300	(121,100)	60.77

INTERIM STATEMENTS

Company	Sector	Half-year	Pre-tax profit (£000)	Interim dividends* per share (p)
AAP Industries	Eng	Jul	6,370	(11,000 L)
Blackie Leisure	RetG	Aug	53 L	630
Bormore Int	PPSP	Jun	3,750	(2,720)
Bourne End Props	Prop	Jun	231	(145 L)
Bradford Prop Tst	Prop	Oct	12,300	(17,500)
British Amer Tst	OSV	Jul	675	616
Broadacres	OSV	Jun	121	23.4
Contra-Cyclist	InvT	Sept	311	(508)
Country Casuals	RetG	Jul	1,480 L	(117)
Cullen's Holdings	RetG	Aug	114	(18)
EDF	OSV	Monday	328.5	(311.91)
Edinburgh Inv Tst	InvT	Sept	1,040	(827)
El Oro Mining	OSV	Jun	766	(751)
El Oro Exp Co	InvT	Sept	204.1	(321.8)
Fleming Cant Euro	InvT	Sept	267	(83)
Fleming Euro Hdgcs	InvT	Sept	107	(26)
Flying Flowers	RetG	Sept	78.0	(94.9)
Gardmore British Inc	InvT	Sept	14,400	(10,400)
General & National	OSV	Jun	918	(637)
Glenes Group	RetG	Jun		
Guardian Media Grp	n/a	Oct	16,700	(11,500)
Hunting	Eng	Jun	15,900	(17,100)
ICI	Chem	Jul	12,000	(7,200)
I&S Smaller Cos's Tst	InvT	Sept	120.11	(116.26)
Investment Estates	n/a	Jun	8,260 L	(1,840)
Lip Group	SPSP	Jun	2,140 L	(5,050 L)
London & Scot Press	RetG	Jul	7,980 L	(2,450)
Midland & Metropolitan	OSV	Jun	7,160 L	(18,500 L)
Moss Bros	RetG	Jun	1,920	625
News Wirens	Trans	Jun	2,220	(3,000)
Other Property	Trans	Jun	234	(720)
Scottish Htgcs & Tst Shch	InvT	Sept	245.8	
Tst Shch	Text	Oct	622	(470)

FINANCE AND THE FAMILY

More power to the people

David Lascelles on the £186m payout to shareholders by East Midlands Electricity

Shareholders in East Midlands Electricity will be celebrating Christmas early this year, and other electricity company shareholders could be joining them. On Monday, East Midlands announced a special interim dividend of £186m, or 85p a share. Since the average shareholder owns 200, this will produce a cheque for £170 some time towards the end of November.

Like the share buy-backs that other utilities have announced in recent weeks, East Midlands' sudden generosity was prompted partly by the embarrassingly large amount of cash it has accumulated since privatisation and partly by a fear that Kenneth Clarke, the Chancellor of the Exchequer, might try to get his hands on it when he brings

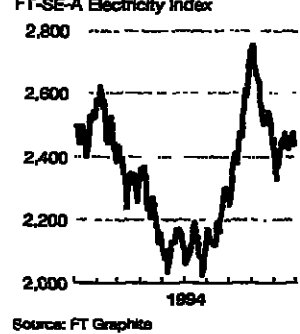
down the Budget next month. For a number of reasons, East Midlands thought the special dividend was a better way of getting this cash to shareholders than buying in shares. According to chairman Nigel Rudd, it is fairer: all the shareholders get the cash, rather than just those who are lucky enough to be at the top of the buy-back queue.

It is also better for East Midlands' staff who are saving up to exercise options on shares at a set price: it gives them a bigger profit when they exercise the options.

The third reason is that there is greater tax certainty: the Inland Revenue has said that the dividend will be treated like any other, and those who qualify for a tax credit will get it. In the case of a share buy-back, decisions are

UK electricity

FT-SE-A Electricity Index



Source: FT Graphika

made on a case-by-case basis.

The dividend was only half the story, though. East Midlands also announced it was consolidating its shares on a 25-for-25 basis. This will offset the value by which they might

be expected to fall to reflect the amount of cash being taken out of the company. So, at the end of the day, the share price should remain the same. (At the moment they are expected to remain the same until November 24 when shareholders are due to approve the transaction).

In the long run, though, Rudd says earnings per share should benefit because the company has become more highly geared because of the pay-out, and its assets will be working harder.

Analysts generally welcomed the pay-out and cast around for other possible candidates. The obvious ones are Yorkshire Electricity and Southern Electric, the only two regional electricity companies which have

not, so far, passed surplus cash back to their shareholders.

Another possibility is Eastern, which did its buy-back before the industry regulator introduced new price formulas in August which enabled companies to work out how much surplus cash they would have.

The cash hand-outs may have got the stock market excited but they were not popular politically. East Midlands' move brought angry protests from consumer groups which thought the money should go to customers rather than shareholders.

Labour's trade and industry spokesman, Jack Cunningham, also called for an inquiry into "profit-taking" and said: "East Midlands' consumers have been forced to pay 20 per cent more for their electricity since privatisation."

An investment offering unlimited tax-free capital gains from UK shares might seem too good to be true. But a new issue from Fidelity promises investors precisely that.

The equity index-linked loan stock attached to the new Fidelity Special Values investment trust is a low-cost instrument, with a capital value that will mirror exactly the ups and downs of the FT-SE-A All-Share Index. Any capital gains are not taxable.

The loan stock makes use of tax legislation which treats bonds issued by companies in the same way as government gilts, which are exempt from capital gains tax. The downside is that losses cannot be offset against gains elsewhere. Still, even index-linked gilts

Tax-free – for now

only keep pace with the retail price index, not with share prices which, over time, have tended to rise faster than inflation (although, of course, there is no guarantee of this). If, at the end of the Fidelity stock's 10-year life, the All-Share index has fallen below its present level, investors will get back less than they paid.

The stock will also pay interest twice a year, set to reflect the yield on the All-Share index – now about 4 per cent. This income is taxable.

About half a dozen investment trusts have issued equity index-linked loan stock, but Fidelity appears to be the first group to achieve this tax-ex-

empt status. Loan stock issued by Fidelity European Values in 1991 and in January this year also has the same tax status.

Stocks issued by other trusts have not met the exact criteria to be defined as both qualifying indexed securities and qualifying corporate bonds.

Stock issued by Scottish American Investment Trust, for example, is classified as a deep-gain security; this means gains are taxed as income, making it unattractive to private investors. Broadgate's loan stock is classified as a qualifying indexed security, but does not have qualifying corporate bond status. This means investors' gains are

taxed like equity gains: you can use your capital gains tax allowance and indexation, and losses are allowable against other capital gains.

The position of the two issues of index-linked loan stock by Ivory & Sims trusts – British Assets and Selective Assets – has not yet been clarified.

Yet, even the issues which are liable for capital gains tax can be attractive to private investors (particularly smaller investors who do not use up their annual capital gains tax allowance) as they are straightforward, index-tracking instruments and are lower cost than index-tracker unit

trusts, which charge an annual management fee.

The new Fidelity issue is also the first to be accessible easily to private investors: previously, most issues of index-linked loan stock have been snapped up by large institutions which manage index-tracker funds. The minimum purchase of Fidelity's loan stock is £5,000.

If there is strong demand for this issue, other fund managers are likely to come up with similar products – but an expanding market could attract less welcome attention. "It is a loophole, whichever way you look at it," said one industry insider. The worry is that such loopholes tend to be closed smartly by the Inland Revenue.

Bethan Hutton

The Financial Times plans to publish a Survey on

FT 500

on Friday, January 20, 1995

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FT Surveys

New issues

Investors are wary

What price new issues? Despite FT research, published in Thursday's paper, showing an adequate return from a majority of this year's stock market debutants, adverse publicity about a small but significant number of new issues has affected investor sentiment to other flotations.

TLG, the holding company for Thorn Lighting Group, this week became the latest group to unveil a lower valuation on its shares than previously forecast. TLG's valuation of £205m is more than £20m below its expectations just two weeks ago when the pathfinder prospectus was issued.

"They tried to come to the market at 125p a share – 10p higher than the actual price – but the institutions wouldn't wear it," said one analyst.

Yet, the FT research – which covered 85 issues between the start of January and the end of September, excluding investment trusts, investment companies, demergers and non-UK businesses – showed new issues outperforming the FT-SE-A All-Share index by 0.5 per cent. Even where new issues underperformed the market, they often scored better against their sector indices.

The survey also indicated that the worst-performing stocks were priced between the back end of 1993 and the first quarter of 1994, a period when the stock market was riding high and optimism over the scope of the recovery helped to fuel expectations.

Low interest rates and investor demand for smaller companies geared to the recovery led many private companies to consider an earlier flotation.

The result was a flood of new issues which ranged widely in quality and were priced for the most optimistic potential.

"There's no doubt that healthy cynicism has returned again," says Andrew Parry, head of UK equities at fund manager Baring Securities. "The prices being put on new issues are realistic."

This view was echoed by several other fund managers – indicating that many new entrants desiring at least a market rating will now have to earn it.

As if to prove the point, dealing began this week in Filtronic Comtek, which also saw its valuation expectations reduced when its shares were priced recently. They are being traded at a 15 per cent premium to their issue price.

Christopher Price

Morgan Grenfell.

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UK EQUITY INCOME SECTOR AVERAGE	£1,684	£1,300	

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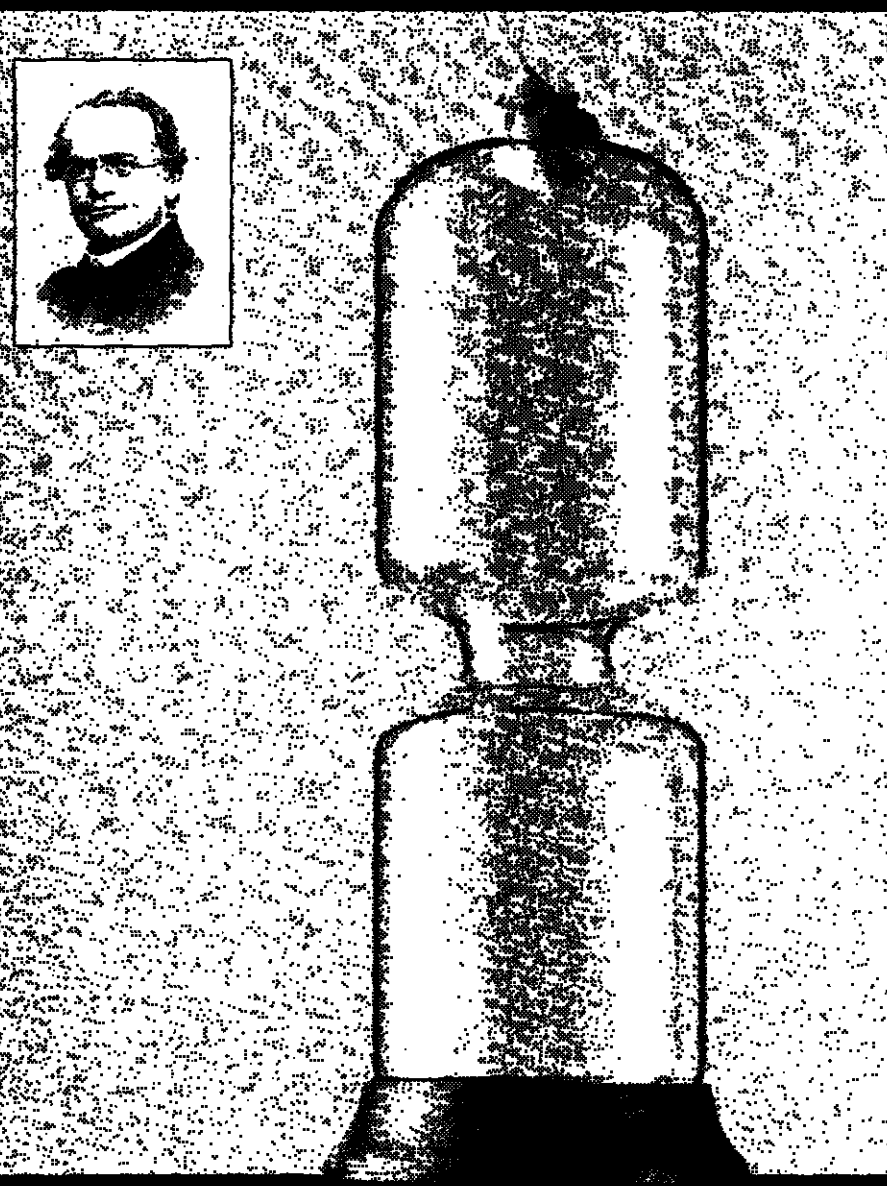
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*Source: Mapped offer to bid not income reinvested since launch (11.4.88) and 2.10.89 to 3.10.94.
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TOP LEFT: Gregor Mendel, who founded the basic laws of genetics.

ABOVE: Type of apparatus likely to have been used by Morgan, who proved Mendel's findings.

BELOW: Katherine and Jessica, identical twins. What genes do they share?



Science has led us to find ways to manage our environment and create prosperity. Mendel, through the observation of sweet peas, unlocked a secret of plant behaviour and ultimately, the basic laws of genetics.

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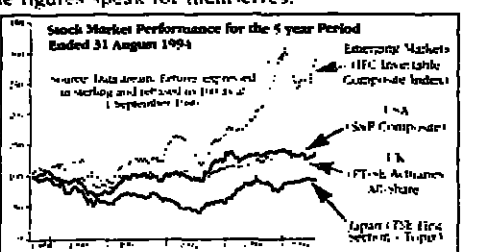
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FINANCE AND THE FAMILY

The end of unit trusts?

Share-issuing Oeics could take over, says Scheherazade Daneshkhu

Oeics - pronounced the way a pig might - are an unfamiliar sound to the ears of most unit trust investors but that is set to change. If all goes well, fund management groups will be able to market Oeics, or open-ended investment companies, from next summer.

These are described widely as a "modern" type of unit trust - the type unshackled by ancient trust law which has been a barrier to marketing unit trusts to the rest of Europe. But since Oeics have been years in the making, many fund management groups have hopped offshore to establish their marketing gateway to Europe from more congenial regulatory environments such as the Channel Islands, Luxembourg and Dublin.

Having done this, they may choose to remain where they are. And because Oeics will have a different pricing structure from existing unit trusts, it could be - initially, at least - that their impact will be greater at home than abroad by forcing changes on the structure of existing unit trusts.

Final details on the structure of Oeics are yet to be honed but they will differ from unit trusts in two significant ways. They will issue shares instead



the modern and the old living side by side. "Since Oeics will have single pricing and will be sold to private investors, I think it is undesirable for the two different types of pricing to exist," he says.

Many in the industry expect single pricing for Oeics to result in single pricing for unit trusts as well. Some even believe that Oeics represent the demise of the unit trust. One said: "In a few years, we will be wondering what a unit trust was."

Further steps are being taken along the path to deregulation. From Tuesday, newspapers - including the *Financial Times* - will not be publishing the "cancellation" price, the

lowest level at which a company will buy back units from an investor. This is used mostly by institutions which buy and sell units in far greater numbers than private individuals.

More importantly, unit trusts will be able to impose exit charges on their funds. Because of a quirk in the rules they have, until now, been able to do this only on unit trusts sold within a personal equity plan.

This flexibility has been used most effectively by M&G in the marketing of its Managed Income Peg, which attracted around £500m within six months of its launch in January.

With this Peg, M&G eliminated altogether the initial charge but introduced five-year withdrawal charges instead.

Philip Warland, director-general of the Association of Unit Trust and Investment Funds, says: "We are likely to see more price competition as companies take advantage of greater pricing liberalisation." This should be good news for private investors, but it also means they should be careful not to be swayed by the pricing structure on a fund but to choose a trust - or, indeed, an Oeic - based on their needs and the management company's performance record.

NEW INVESTMENT TRUST LAUNCHES

--- Targets ---										--- Outside PEP ---				--- Inside PEP ---	
Manager (Telephone)	Broker	Sector	Warrants	Size £m	Yield %	PEP Quoted	Savings Scheme	Issue Price P	Minimum Invest. P	Minimum Invest. £	Annual Change %	Minimum Invest. £	Annual Change %	Offer Period	
■ Fidelity Special Values															
Fidelity (0800 414151)	S.G. Warburg	UK Growth		1.5	30+	n/a	Yes	Yes	100p	95.5p	£1,000	0.95	n/a	n/a	19/10/94-31/1/94
New twin for Fidelity's Special Situations unit trust, run by Anthony Bolton															
■ Fleming Natural Resources															
Fleming (071 322 8389)		Commodity & Energy		1.5	25+	n/a	No	Yes	100p	96p	£2,000	0.8	n/a	n/a	1/11/94-23/1/94
Trust will invest in commodity and energy companies worldwide. Short life of 21c-5 years.															
■ Foreign & Colonial Emerging Markets															
Foreign & Colonial (071 222 3000)		Emerging Mkts		1.5	100	n/a	No	Yes	100p	95.5p	£2,000	1.5%	n/a	n/a	25/10/94-14/11/94
C-share issue from established emerging markets trust, ranked second in its sector over three years															
■ Invesco Korea Trust															
Invesco (0800 013333)	de Zoete & Bevan	Far East ex Japan		1.5	30	n/a	No	Yes	100p	96p	£2,000	1%	n/a	n/a	closes 2/11/94
C-share issue to raise new capital for this three-year-old, £40m specialist trust															
■ Murray Emerging Economies															
Murray Johnstone (0345 222 229)	de Zoete & Bevan	Emerging Mkts		1.5	20+	n/a	No	Yes	100p	95.5p	£1,000	1.25%	n/a	n/a	9/11/94-29/11/94
Investing in real emerging markets - India, China, Brazil, Hungary etc - not "gateways" like Hong Kong or Vienna															

NEW UNIT TRUST LAUNCHES

Manager (Telephone)	Sector	Target Yield %	Full PEP Scheme Qual	Savings Scheme Avail.	Charges outside PEP %	Minimum Invest. £	Charges inside PEP %	Minimum Invest. £	Special offer	Offer Period					
■ Global Growth PEP Fund															
Martin Currie (0800 838776)	International Growth	1	Yes	Yes	5.25	1.5	No	£1,000	5.25	1.5	No	£1,000	5.25	1.5	17/10/94-31/01/94
Launched to attract the PEP market this is more UK and Europe-oriented than the company's international growth fund, ranked 14 of 115 funds over 5 years															
A 2 percentage point discount for investors transferring from other PEP schemes															

Savings rates up at last

The long-awaited rise in variable savings rates, following the increase in base rates on September 12, has only now started to come through. That from the Halifax, which took effect from October 21, was 0.35 of a percentage point on most accounts.

Compared with the rest of the industry, this seems fair. Bearing in mind, however, the millions of pounds the Halifax must have saved by its delay, it would have been hoped that the rise could have matched the increase the society made to its borrowers' rate (0.46 of a point).

Alliance & Leicester, Britannia and Leeds are the major movers this week, but their increases have not been across the board and vary from tier to tier. At least these societies have moved. Many have yet to react, taking the view that, if the money is still coming in, there is no need to raise rates. Credit must be given to Barclays, which increased rates to savers by the full half percentage point on September 12.

All savers need to keep a wary eye on their investment products. Even where new rates have been announced, some tiers have risen by only 0.05 of a point and savers could do better elsewhere.

Fixed-rate products that were quick to go up after the base rate increase are also beginning to fall, or be withdrawn, as rumours of another base rate rise subside.

Halifax has reduced rates on its Guaranteed Reserve account by half a percentage point in recent weeks, and market-leading rates from Cheshire and Skipton have been withdrawn. Guaranteed income bonds are also on the slide: the best is down again to 8 per cent net (10.66 per cent gross).

Christine Bayliss, Moneyfacts

HIGHEST RATES FOR YOUR MONEY

	Account	Telephone	Notice/term	Minimum deposit	Rate %	Int. paid
INSTANT ACCESS A/c's						
Confederation Bank	Liquidity	0438 744500	Instant	£100	5.25%	Yy
Manchester BS	Money-by-Mail	061 635 3545	Postal	£50,000	5.80%	Yy
Skipton BS	3 High Street	0756 700511	Instant	£2,000	6.10%	Yy
Northern Rock BS	Go Direct	0500 505000	Instant	£20,000	6.85%	Yy
NOTICE A/c's and BONDS						
Northern Rock BS	Postal 60	0500 505000	80 Day P	£10,000	6.75%	Yy
National Counties BS	90 Day	0372 742211	90 Day	£10,000	7.25%	Yy
Halifax BS	Special Reserve	0422 333333	1 Yr Bnd	£10,000	7.35%	OM
Cheshire BS	Four Year Fixed	0800 272505	31.12.98	£10,000	9.00%F	Yy
MONTHLY INTEREST						
Britannia BS	Capital Trust	0538 391741	Postal	£2,000	5.70%	My
Confederation Bank	Monthly Income	0438 744500	30 Day	£2,000	6.25%	My
Northern Rock BS	Postal 60	0500 505000	60 Day	£10,000	6.55%	My
Cheshire BS	Four Year Fixed	0800 272505	31.12.98	£10,000	8.65%F	My
TESSAs (Tax Free)						
Confederation Bank		0438 744500	5 Year	£3,000	9.00%F	Yy
Market Harborough BS		0858 483244	5 Year	£2,000	7.60%	Yy
Hinckley & Rugby BS		0455 251234	5 Year	£3,000A	7.50%	Yy
Holmesdale BS		0737 245716	5 Year	£1	7.40%	Yy
HIGH INTEREST CHEQUE A/c's (Gross)						
Woolwich BS	Current	0800 400900	Instant	£500	3.50%	Yy
Halifax BS	Asset Reserve	0422 333333	Instant	£5,000	4.85%	OM
Cheshire BS	Classic Postal	0800 717515	Instant	£25,000	6.00%	Yy
				£25,000	6.35%	Yy
OFFSHORE ACCOUNTS (Gross)						
Woolwich Guernsey Ltd	International	0481 715735	Instant	£500	5.75%	Yy
Confederation Bank Jersey	Flexible Inv	0534 808090	60 Day	£10,000	6.30%	Yy
Derbyshire (QOM) Ltd	Ninety Day	0624 663432	90 Day	£10,000	6.55%	Yy
Yorkshire Guernsey Ltd	Key Extra	0481 710150	180 Day	£10,000	7.30%	Yy
GUARANTEED INCOME BONDS (Net)						
AGL Life FN		081 680 7172	1 Year	£15,000	5.70%	Yy
AGL Life FN		081 680 7172	2 Year	£15,000	6.45%	Yy
Save & Prosper Group		0800 282101	3 Year	£5,000	7.00%	Yy
General Portfolio FN		0279 462839	4 Year	£10,000	6.80%	Yy
EuroLife		071 454 0105	5 Year	£10,000	6.00%	Yy
NATIONAL SAVINGS A/c's & BONDS (Gross)						
Investment A/C			1 Month	£20	5.25%G	Yy
Income Bonds			3 Month	£2,000	6.50%F	My
Capital Bonds I			5 Year	£100	7.75%F	OM
First Option Bond			12 Month	£1,000	6.40%F	Yy
Pensioners GIB 2			5 Year	£500	7.50%F	My
NAT SAVINGS CERTIFICATES (Tax Free)						
42nd Issue			5 Year	£100	5.85%F	OM
8th Index Linked			5 Year	£100	3.00%F	OM
Childrens Bond G			5 Year	£25	7.85%F	OM

This table covers major banks and Building Societies only. All rates (except those under heading Guaranteed Income Bonds) are shown Gross. F = Fixed Rate (All other rates are variable) OM = Interest paid on maturity, N = Net Rate, P = Net Rate. A = Feeder account required. G = 5.75 per cent on £500; 6 per cent on £25,000 and above. H = 6.75 per cent on £25,000 and above. Source: MONEYFACTS, The Monthly Guide to Investment and Mortgage Rates, Laundry Lane, North Walsham, Norfolk, NR25 0BD. Readers can obtain an introductory copy by phoning 0692 500665. Figures compiled on: 27 October 1994

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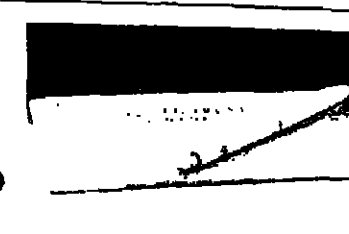
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FINANCE AND THE FAMILY

Learning the tricks of the trade

Ever wondered where financial advisers get their know-how? Motoko Rich goes on a training course

Stephen Harrington is a junior manager in an electronics firm who earns £27,000 a year. Wife Diana left her job four years ago to bring up their children, now aged two and six. Stephen has no death-in-service benefits and the only life cover they have is a joint life endowment policy covering their £40,000 mortgage. So what would Diana need if Stephen was to die now?

While this might sound a morbid question, financial advisers deal with such issues every day. And such questions are considered protective, not morbid.

This week, I was invited - along with five other journalists and a press officer - to consider the life industry's perspective during a two-day course for trainee sales agents at Legal & General. Seated off from the world in a converted country residence at Kingswood, a village in Surrey, we reviewed a range of subjects including regulation, taxation, mortgages, life assurance and pensions.

When I decided to attend the course, I was sceptical; for the industry has not earned a particularly trustworthy reputation in recent times. During the past year alone, several life offices - including L&G - have been fined by Lantoro, the industry regulator, for a failure to control their sales forces.

Then, too, there was this week's announcement of action by the Securities and Investments Board over mis-selling of personal pensions. So, it has been easy to wonder if training methods have, at least in part, been to blame for the industry's problems.

Finally, as a potential consumer, I wanted to see what sales staff were taught to do before trying to part people from their money. Was it just a big con?

It turned out that this was not true. Equally, though, if consumers do not have the chance to attend such courses - and most do not - they could well be conned. For the basic assumption of the entire L&G course - and the industry - is that all the services an insurance company offers do fulfil genuine needs. This, most certainly, is not always the case.

This basic principle was introduced at the outset of the course. Mike, one of two earnest trainers, launched it with a session on "the need for financial services". He asked us to fill in the first of many work sheets; this one listed financial commitments for eight stages of life, signposted by conventional institutions such as home ownership, marriage, children and retirement.

Then, we were asked to fill in a column marked: "What Could Go Wrong". From the answers we provided, he urged us to extrapolate the need for countless financial products.

Throughout the course, the trainers produced an overhead projection slide of these life stages with irritating regularity. Women in between factual information about taxation, social security benefits and industry regulation were references to this "life line" and the all-important need to provide for each stage with products from the financial services industry.

In many cases, though, the products they claimed were crucial would simply be over-kill and, moreover, a waste of money. It is hard to believe, for example, that a young person who is earning but still living at home needs to consider a life assurance policy or critical illness cover. Yet, from personal experience, I know that financial advisers try to target such groups.

The trainers were careful to emphasise the requirement for advisers to inform clients of product risks and poor standard yields. They also stressed constantly the importance of a



"fact find" to determine a client's legitimate needs. But there was never any mention of the fact that some of the industry's products - such as endowment policies - are now considered inappropriate for most people.

By using the life line as a

framework for determining client needs, the course did not take into account many changes in society such as increased periods of unemployment or multiple careers. These do not fit very soundly with most of the products offered by insurance compa-

nies; namely, policies that require regular premium payments over a long period. In many ways, the training course simply seemed out of step with the times.

Nevertheless, the course was reassuring in that the company expected us to be familiar with

a broad range of topics. Preparation for the classroom portion came in the form of a 400-page manual, which we were told to study for at least 40 hours. In my case, it was more like 10.

At the end of the course, we took an examination modelled on the first paper of the Chartered Insurance Institute's financial planning certificate (FPCI). At L&G, the FPCI is the first hurdle all trainees must overcome before proceeding to instruction in specific products, sales skills and, ultimately, selling itself.

"It is a relatively low-level qualification," said Clive Sanderson, divisional director of examinations at the CII. "But, nevertheless, it is very thorough in that it does introduce the regulatory situation and generic products."

I passed L&G's mock exam by the narrowest margin. But it is slightly worrying that I achieved this benchmark qualification without a great deal of conscientious effort - especially since Dick Evemy, L&G's training manager, said that "a majority" of recruits who walk through the doors of the training centre pass it. It is even

more worrying that independent financial advisers - those who are not tied to a particular company - can sell on the basis of FPCI knowledge alone.

I would not want to give financial planning advice to anyone merely on the basis of what I learned from the course. This is not an adequate foundation for giving professional advice (although there is slight relief in knowing that Lantoro requires all company representatives to have more training before being allowed to approach customers).

What I do believe, however, is that it is the only adequate basis for receiving professional financial advice. Without it, or some equivalent, I could easily feel that I was being blinded by jargon or concepts I did not understand.

The CII produces course material for its FPC exams, and although they are marketed widely to industry sales agents, any member of the public is welcome to buy a study pack for £40. It could be the best financial investment you make.

Regulators who are concerned about investor protection should not only be concerned with proper training of the industry's sales force. They should also put more effort into informing the consumer.

Perhaps the new Personal Investment Authority could sponsor a course for customers called "Let the Buyer Beware". *The CII, 31 Hillier Road, South Woodford, London E18 7EL. 071-606 3335.*

Managers under the microscope

John Cuthbert devises a new way to measure performance

MVA* by investment category of ten top-selling unit trust firms 1993

Group name	Equity MVA %	Equity MVA %	Bond MVA %	MVA %
M&G	25 (4/18)	57.1 (4/7)	0	(0/1)
Barclays Unicorn	8.33 (1/12)	12.5 (1/9)	100	(1/1)
Baring	33.3 (3/9)	66.7 (2/3)	0	(0/1)
F&C Hypo	0 (0/5)	100 (1/1)	n/a	n/a
Fidelity	40 (4/10)	50 (3/6)	0	(0/3)
Gartmore	57.1 (4/7)	50 (3/6)	0	(0/1)
Legal & General	12.5 (1/8)	100 (2/2)	0	(0/3)
Mercury	30 (3/10)	0	(0/3)	(0/1)
Parpetual	75 (6/8)	100 (2/2)	n/a	n/a
Schroder	100 (5/5)	50 (1/2)	0	(0/1)

MVA: management group value-added

Source: Unit Trust Group MVA by J.P. Cuthbert

Investors and financial advisers are often prompted to put their money in a particular unit trust by their perception of the management group's overall performance. But there is little evidence that unit trust groups grow or dwindle as a result of performance results alone - perhaps because investors and advisers have no authoritative source of information about group performance.

I have devised a simplistic but easy-to-understand way of looking at management group performance. The method is called Management Group Value Added, or MVA.

First, I adjust the performance of each of a group's funds for the riskiness of its investment strategy. The MVA is then the proportion of a group's funds whose risk-adjusted performance exceeds that of an appropriate benchmark. It measures a group's ability to add value consistently. A group with five funds, three of which exceeded the performance benchmark would, therefore, achieve an MVA of 60 per cent.

MVA measures uses performance adjusted for risk because most people agree that it is almost impossible for a manager to beat a benchmark consistently. So, comparisons with benchmarks, such as the FT-SE-A All-Share index, are powerful tests of performance.

MVA does have its drawbacks, though. Benchmark comparisons often can be flawed if they are distorted by "special" events: the effect of the Japan market's long crash on the Tokyo Stock Exchange indices is a case in point.

And, where large numbers of funds are involved, the MVA percentage score might have as much to do with a group's spread across a range of different investment strategies, and the likelihood of their outperformance at different stages of the economic cycle, as it does with managerial ability.

I have studied the MVA performances of 88 unit trust management groups; here are some of the results. The smaller table shows the overall MVA scores (without taking specialisation into account) of the 10 top-selling fund firms of last year.

MVA* of ten top-selling unit trust firms 1993

Group name	Overall MVA %
Parpetual	80 (8/10)
Schroder	75 (6/8)
Gartmore	50 (7/14)
Baring	39 (5/13)
Fidelity	36.8 (7/19)
M&G	33.3 (8/24)
Legal & General	23.1 (3/13)
Mercury	21.4 (3/14)
F&C Hypo	16.7 (1/6)
Barclays Unicorn	14.3 (3/21)

MVA: management group value-added

Source: Unit Trust Group MVA by J.P. Cuthbert

within that group. MVA comparisons should always take these two columns together.

This is particularly important in assessing Fidelity and M&G; their large fund ranges make comparisons with narrower benchmarks a fairer test. Barclays Unicorn, Legal and General and Mercury also have wide ranges, but remain poor performers on either comparison.

The larger table allows for specialisation by breaking down the overall results for these groups into narrower investment categories.

My complete study (only part of which is discussed here) reveals that there are 14 groups with zero MVA and a further 27 that have added value on only one or two funds.

The study also reveals that the highest MVA scores are produced by small to medium sized firms such as Baillie Gifford, Capel-Cure, Dumedin, Parpetual, Schroder, St James and Stewart Ivory. All of these have cultivated independent, distinctive management and analytical cultures plus an ability to keep good managers.

The most important finding of all, however, is the revelation that there is absolutely no relationship between the value of a group's funds under management and its MVA performance. In other words, size and reputation alone are no guide to a firm's investment abilities.

Among the top 10 fund firms by size, for instance, there are only two firms that have MVA scores greater than the average. Indeed, Standard Life, until recently the largest manager of unit trusts, has an MVA score of zero.

John Cuthbert is a freelance investment analyst.

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* Source: Microcap offer to bid with gross income reinvested since launch to 24.10.94. UK Enterprise Fund from 01.08.88 and from 02.10.89 +90.2%, 2117; Smaller Companies Fund from 01.06.79 and from 02.10.89 +11.6%, 32153; Income and UK Equity Funds from 03.01.72 (the earliest date for which Microcap figures are available) and from 02.10.89 +63.8%, 7193 and +65.6%, 1180 respectively.



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FINANCE AND THE FAMILY

Hot line to Opas

Calls to pension advisory service rise 20% in year

Occupational pension schemes got a bad name after the Maxwell affair but, given the excesses employed by personal pension scheme salesmen, the tables have turned.

The number of inquiries handled by the Occupational Pensions Advisory Service, the free state-assisted scheme to help people resolve their pension problems, rose last year to 30,700 – a 20 per cent rise over 1992.

Chief executive Don Hall stressed, however, that more than 28,000 of these were minor enquiries dealt with by a simple explanation. Difficult cases needing detailed examination actually fell by 4 per cent to 2,397 – a tiny fraction of the 20m or so occupational pension scheme members.

The most common problem areas were unclear membership conditions, early retirement benefits, early retirement and scheme wind-ups. In many cases, the problem was caused by complicated language which confused members.

Transfers remained the largest single source of complaint. In one case, an employee who was made redundant asked for details of his pension's transfer value. After a delay, his company said it would be worth £48,000.

There was another delay when the employee asked for it to be transferred. He then argued he had incurred investment loss. After Opas intervened, the company agreed it had been at fault and increased the transfer value to £52,000.

Another major problem area is insured schemes – those

administered by an insurance company – which tend to be the preserve of small companies.

Brian MacMahon, the Opas president, said proposals that smaller company schemes should be regulated less rigorously than larger ones "does not, in our experience, make sense when so many of them are apparently badly run".

Opas can also take enquiries about personal pensions as long as these are not connected with their marketing or sale. And it produces free leaflets designed to answer common problems.

**Scheherazade
Daneshkhlu**

Opas, 11 Belgrave Road, London SW1V 1RB. Tel: 071-233 8082

Names get a boost

Lloyd's Names do not need reminding about the perils of trading on the basis of unlimited liability. This week, Citibank unveiled an innovative – but inevitably complex – scheme that could offer existing members of the insurance market a way of switching to limited liability for future trading.

The scheme, drawn up in conjunction with agents representing Names' interests, could prove attractive. And while it would be impossible to buy complete protection for liabilities arising on policies underwritten in the past, Citibank's plan would, in effect, "re-insure" those liabilities into an individual company for each Name – a NameCo.

At the same time, it would use a separate re-insurance deal to provide extra funds at Lloyd's. This means that although companies are allowed generally to underwrite policies worth twice the value of the funds they hold at Lloyd's, the gearing of some NameCos could be boosted to 3:1.

Tax and other details have still to be thrashed out but the scheme has a good chance of being approved by Lloyd's authorities, which appear to regard the switch away from unlimited liability as inevitable and almost certainly a good thing. Patrick Hanratty, a vice-president of Citibank, says setting-up and running costs should not be "onerous".

Whether the scheme can offer real protection against losses incurred on past policies will depend on the extent to which Lloyd's succeeds in subsuming pre-1986 liabilities into NewCo, the company it has set up for that purpose.

Meanwhile, the timing of Citibank's announcement means few Names are likely to be able to convert for the 1995 underwriting year. The road to conversion is not going to be a high-speed freeway.

Ralph Atkins

Annuities

Top annuity rates

An annuity provides a guaranteed income for life in return for a lump sum investment. The bulk of the fund built up by many types of pension plan must be used in this way. This week's table shows compulsory purchase annuity rates. These are used for small company schemes as well as additional voluntary contributions (AVCs) and free-standing AVC (FSAVC) plans, among others. This week's rates include inflation-proofing.

Escalating at 5% pa	Escalating at 5% pa	Escalating at 5% pa	Escalating at 5% pa
Male age 55	Female age 55	Male age 60	Female age 60
General	General	General	General
Prudential	Prudential	Prudential	Prudential
Equitable Life	Equitable Life	Equitable Life	Equitable Life
Escalating at 3% pa	Escalating at 3% pa	Escalating at 3% pa	Escalating at 3% pa
Male age 70	Female age 70	Male age 70	Female age 70
General	General	General	General
Prudential	Prudential	Prudential	Prudential
Equitable Life	Equitable Life	Equitable Life	Equitable Life

Escalating at 5% pa	Escalating at 5% pa	Escalating at 5% pa	Escalating at 5% pa
Male age 55	Female age 55	Male age 60	Female age 60
General	General	General	General
Prudential	Prudential	Prudential	Prudential
Equitable Life	Equitable Life	Equitable Life	Equitable Life
Escalating at 3% pa	Escalating at 3% pa	Escalating at 3% pa	Escalating at 3% pa
Male age 70	Female age 70	Male age 70	Female age 70
General	General	General	General
Prudential	Prudential	Prudential	Prudential
Equitable Life	Equitable Life	Equitable Life	Equitable Life

Payments are monthly in arrears, without a guarantee period. Rates are at October 25 1994. Figures assume an annuity purchase price of £100,000 and are shown gross. RNPFF annuities are available only to nurses and allied workers.

Source: Annuity Bureau 071-620 4090

Between the total income annuity will – even after the offered by the two annuity buyer's death – effectively types will continue to secure a spouse's income until increase. A joint life escalating he or she also dies.

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BUILDING SOCIETY INVESTMENT TERMS

Name of Society	Product	Stress	Stress	Net	Net	Interest	Minimum	Access and other details
		Rate	Rate	Rate	Rate	Rate	Balance	
Almshurst & Lancaster	Special Edition	7.50	7.50	5.62	5.62	Ytd	Thru	7.30-4.75-6.75-8.55-5.40-6.00 with of 10% of bal without pen. Rate variable 6.60-6.55-5.95-4.95 Tax free, £9000 max 5.10 £10k, 5.45 £25K-5.70 £50K instant access 4.45-4.35-4.25-4.15-3.95-3.50
Barclay	Starling Bank	6.90	6.90	5.37	5.37	Ytd	Thru	120 day notice or 30 day penalty.
Birmingham Midshires	Quantum High Int	6.50	6.50	4.87	4.87	Ytd	50,000	Instant access above £100k-effective 30/10/94
(0455) 720721	First Class Int	6.95	6.95	5.21	5.21	Ytd	100,000	Instant access on penalty-effective 30/10/94
Breadth & Bishop	Special Asset	5.15	5.15	3.86	3.86	Ytd	5,000	90 days notice
(0800) 592586	Special Asset	6.15	6.15	4.61	4.61	Ytd	10,000	Thru interest rates
	Special Asset	6.40	6.40	4.80	4.80	Ytd	20,000	Monthly income available
	Special Asset	6.55	6.55	4.97	4.97	Ytd	40,000	
	Special Asset	6.85	6.85	5.14	5.14	Ytd	60,000	
Catholic (011-222 6794-7)	Infiniti Bank	6.55	6.55	4.91	4.91	Monthly	30,000	90 Day £2K + 6.30%-4.72% net.
Custody (Edinburgh) (081 556 2712)	1st Shires	7.50	7.50	5.625	5.625	Annually	100	Guaranteed
	Infiniti	5.06	-	-	3.785	1/2 Ytd	1	Instant Access. No Penalties
Chatham & Bristol	The London Account	5.75	5.75	4.31	4.31	Ytd	2,500	Instant access postal deposit account
(0800 773505)	Best 90 (Closed Issue)	7.25	7.25	5.44	5.44	Ytd	10,000	Closed Issue. £25K + 7.00%, £10K + + 40%.
City & Metropolitan	Super 60	6.78	6.78	5.02	5.02	A	10,000	60 days notice for withdrawals. Gross rate for £500-£9,999- 6.05%
Halifax	Premium Xtra	-	7.55	5.51	-	Ytd	100,000	Gross rates include 0.25% annual bonus bonus payable
	Premium Xtra	-	7.18	5.33	-	Ytd	50,000	where no withdrawals occur. One withdrawal up to
	Premium Xtra	-	6.85	5.14	-	Ytd	25,000	£5,000 per mtd where £10,000 remains. Different interest
	Premium Xtra	-	6.50	4.88	-	Ytd	10,000	rates apply to non-pensional accounts (eg. ex. club or charity acc)
	Yield	7.40	7.40	-	-	Ytd	50	5p tax credit 2 hours max
Leeds & Halifax (0552 959512)	Capital Bond	7.30	7.30	5.33	5.33	30 April	150,000	90 days notice/penalty. Monthly income also available
	Yield	6.50	6.50	-	-	1 Jan	1	No transfer restrictions or charge. Loyalty bonus - 1% extra year 5
	Gold Access	5.35	5.35	3.86	3.86	1 Jan	50,000	No notice on penalty
Leeds Permanent (0552 340212)	Royal Gold	7.18	7.18	5.37	5.37	Annually	100,000	Includes an interest bonus of 8.50% p.a. provided no withdrawals
	Royal Gold	6.91	6.91	5.18	5.18	Monthly	100,000	made during previous 12 month period. Thru rates from £10,000.
	Liquid Gold	5.95	5.95	4.01	4.01	Annually	25,000	Instant access on penalty. Thru interest rates from £25
	Gold Gold	6.25	6.25	4.49	4.49	Annually	50,000	Instant access, no penalty on mtd of £10,000. Otherwise 90 days
	Gold Gold	6.80	6.80	4.56	4.56	Monthly	50,000	notice on 90 days loss of interest. Thru interest rates from £500.
Marex (0222 959021)	Rainbow 60	6.85	6.85	5.24	5.24	Annually	100,000	60 days notice
	Yield	6.75	6.75	-	-	Annually	10	30 days notice
Newcastle (091 231 6676)	New Plus Special	-	5.35	4.81	-	Annually	200,000	Instant access
	New Star (New Ytd)	-	6.75	5.06	-	Annually	5,000	No withdrawals during 12month term thereafter withdrawals subject to 90
	Portland Bond	-	6.9	6.68	-	Annually	2,000	days notice for instant access with 90 days loss of interest.
								Instant access with 90 days loss of interest
Northern Bank (091 285 7315)	Postal 60	7.25	7.25	5.44	5.44	Annually	100,000+	Postal account.
		7.15	7.15	5.30	5.30	Annually	50,000+	Monthly options.
		6.95	6.95	5.21	5.21	Annually	25,000+	available.
		6.75	6.75	5.06	5.06	Annually	10,000+	Tel: 0500 505000
		6.35	6.35	4.76	4.76	Annually	2,500+	for details
Partners Channel Islands (0451) 8222478	Gold Plus ANC	6.65	6.65	-	-	Ytd	20,000	Makeholding £10,000, 90 days notice or penalty. Monthly option.
	Instant Gold Account	6.20	6.20	-	-	Ytd	20,000	Max holding £10,000 Instant access. Monthly option.
	Gold Plus Account	6.25	6.25	-	-	Ytd	10,000	Max £500,000. Monthly option.
Prudential (0222 344108)	Super Star Account	7.10	7.10	-	-	Ytd	Thru	Includes £25K bonus for no withdrawals
Scotishbank (0800 596770)	Kingpin 60	6.50	6.50	4.80	4.80	Annually	25	Regular Savings. Monthly Investment £15-150. Instant Access
Stirling (0954 709514)	Surrogate Shares	5.25	5.25	3.75	3.75	Ytd	£50,000	Instant Access.
	High Street	6.10	6.10	4.56	4.56	Ytd	2,000	Instant access, operated through branches from 25.07.94
	Yield Savings	8.50	8.50	6.38	6.38	Ytd	25	Under 16. Rate reduces 2% Bonus 1% p.a. for no withdrawals.
Wetherby (0800 408 900)	Current Account	5.10	5.10	3.83	3.83	Ytd	50,000	Instant Access. Rates
		5.00	5.00	3.75	3.75	Ytd	25,000	Variable.
		4.50	4.50	3.38	3.38	Ytd	10,000	Authorised overdraft rate
		3.50	3.50	2.63	2.63	Ytd	500	at 9.5% APM Subject to
		1.15	1.15	0.86	0.86	Ytd	1	status and max. age 18.
Yorkshire (0800 370834)	Yield Premier	6.85	6.85	-	-	Ytd	100	90 days notice to transfer
	1st Class Access	6.70	6.70	5.87	5.87	Ytd	100	Minimum opening balance £2000
	1st Class Access	6.45	6.45	4.84	4.84	Ytd	50,000	Instant pen/d access
	1st Class Access	6.35	6.35	4.63	4.63	Ytd	25,000	Look ATM card for access 24hrs
	1st Class Access	6.05	6.05	4.54	4.54	Ytd	10,000	
	1st Class Access	5.95	5.95	4.46	4.46	Ytd	2,000	
	1st Class Access	3.65	3.65	1.24	1.24	Ytd	25	

* For telephone use local directory. #Net of basic rate tax. CAR = Annual yield after interest (approximated)

FINANCE AND THE FAMILY

Standard's rise

Customers who cash in long-term life insurance and pension policies after just a few years are to be given higher surrender values by Standard Life, the UK's largest mutual life insurer, from next year.

The company believes that knowing they will get a better deal if they have to surrender will compensate customers for possibly having to accept a small reduction in what they get when a policy reaches its full term.

Standard can offer these improved surrender values because it plans to change how it pays commission to the agent or adviser selling the policy.

The company will finance the initial cost of paying commission – so the adviser still gets his money – and take the total out of premiums over the life of the policy instead of taking it all from the early premiums. It is also cutting its margins so, in some cases, the maturity value will not fall at all.

Surrender values across the life industry have come under heavy attack because many people have been giving up policies early. Standard's changes will coincide with the imminent new regulatory regime requiring life companies and advisers to set out the surrender values in the

first five years of a policy, and to tell customers the commission paid to the sales agent.

For a 25-year personal pension policy, where the investor pays £100 a month and a 9 per cent annual rate of return is assumed, Standard's surrender value after four years – when an investor would have paid £4,800 in premiums – will rise to £4,918 from £4,290. The maturity value falls by £622 to £79,579.

In the case of an endowment, the improvements are even more marked.

At present, if a man of 29 took out a Standard Life unitised house purchase endowment for a £50,000 loan over 25 years, and cashed it in after four years, he would – assuming a 7.5 per cent annual rate of return – get back just £3,062. This is less than the £3,953.23 he would have paid in premiums.

Under the new system, though, he would get £3,967. And if he maintained the policy for its full term, he would get £53,882 – slightly more than at present.

Standard says only about 4 to 5 per cent of customers give up life policies in the first few years – and it hopes better surrender values will not cause this to rise.

Alison Smith

The Securities and Investments Board (SIB), the finance industry's chief regulator, explained this week how employees with personal pensions would be compensated if their plan was sold on the basis of bad advice (see page 11). But while it stressed there was nothing wrong intrinsically with personal pensions as a product, you should remember that these plans were introduced for the self-employed and for staff without access to a company scheme. They were never intended to replace company pension arrangements.

The following guide could help you choose the right pension for your circumstances.

Q: Should I leave my company scheme for a personal pension? No. If you are in, or have access to, a company scheme that links the value of the pension to your final salary, offers death-in-service benefits and disability pensions, then you should stay put. If the pension is not salary-linked, check exactly what you get for your contributions.

Q: What about senior executives? In certain cases, a senior executive who has built up a substantial fund could gain more flexibility over the pension income, and the investment of the fund in retirement, if he switches to a personal plan. But this is a complex area and professional, independent advice must be sought.

Q: I have changed jobs. Should I transfer my former company scheme benefits to a personal

Picking the right pension

Personal plans should be a last resort, says Debbie Harrison

pension? Probably not. In most cases, your pension will be worth more if you leave it with your former employer. This is called a "deferred" pension because payment is deferred or postponed until you retire. Remember that any transfer costs money, except where employees change jobs within the public sector.

If, for some reason, it is necessary to take your pension out of the old scheme, then consider transferring it to your new employer's scheme if you can. A personal plan should be regarded as a last resort.

By law, advisers and salesmen must compare all these options before making a recommendation.

Q: I have been made redundant. Do I need to transfer my pension? No. Do nothing in the short term unless you are forced to act – for example, where the employer is insolvent. Even then, it could take time for the trustees or liquidators to establish the value of your pension. Where the employer still exists, the newly-redundant should leave their pensions in the old scheme at least until all the options are known. Your next employer might offer an excellent pension and it could be best to transfer to this scheme.



Q: There is no company pension so I want a personal pension. For future contributions, this might be the only option. But do seek independent advice, preferably on a fee basis, and do not transfer benefits from old schemes just for the sake of neatness.

Your adviser should explain the personal pension provider's charges and the amount of commission, if any, that he gets. He should also consider the financial strength of the provider and the performance and flexibility of the plan.

You should, for example, be able to reduce and stop contributions and/or retire early without penalty. Q: There is a company scheme but I may change jobs after a few years. Some careers lead to frequent job changes and periods of self-employment, so it is important to ask

the pension manager or trade union what will happen to your company pension if you leave.

Provided you expect to stay for more than two years, the company scheme is likely to be best, particularly if it offers good family protection benefits if you die. If you do want a personal plan to take with you from job to job, choose with care and make sure the plan is genuinely portable (see above).

Q: What if I want to retire early or my employer has a habit of enforcing early retirement? You should still join the company scheme. If you face early retirement, you should top up your pension by paying additional voluntary contributions (AVCs), provided by the company scheme, or take out a free-standing AVC (FSAVC) plan sold by life offices and a few unit trust groups. Company AVCs offer better value because the employer bears all or most of the charges, but FSAVCs can offer a wider investment choice. If you are interested in FSAVCs, seek independent advice.

■ Where to get advice. If you are not sure what benefits are provided in your company scheme, contact the pensions manager or your trade union.

SIB publishes two fact sheets on opting out and transferring benefits out of an employer's scheme. Send a large SAE marked "Fact sheet" to the Securities and Investments Board, Gavrelle House, 2-14 Bunhill Row, London EC1Y 8RA.

Wedding doubt

My daughter has a certain amount of personal equity and is about to marry a person with few resources. How can she arrange her finances so that, if her marriage fails, she does not lose capital in any settlement?

■ Your daughter and her fiancé could enter a pre-nuptial contract providing that, if the marriage ends in divorce or separation, her capital would not be able to be shared. Such contracts are not strictly legally enforceable, but any court would take its contents into account.

There is, also, the possibility of effecting a settlement by which your daughter would transfer property from her ownership to those of trustees, although this might well be impractical because of the expenses involved and the small amount of property.

At the end of the day, though, marriage has to be a matter of trust and, if there is the slightest doubt, the general advice would have to be – "don't!" (Reply by Murray Johnstone, Personal Asset Management).

Shares can't go into a Pep
I am a 25 per cent taxpayer, and I hold a modest portfolio of blue-chip shares. Can I transfer £12,000 of these into a personal equity plan?

■ Apart from new issues, it is not possible to transfer stock into a Pep. You would, there-

Q&A BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All queries will be answered by post as soon as possible.

fore, have to sell £12,000 worth of shares and re-invest the proceeds for yourself and your wife. (Murray Johnstone).

Cutting the corners

I know shade-giving high bushes and trees – like boundary hedges – are a common problem between neighbours. Would it be feasible to pay a neighbour to restrict the height or density of a hedge to some agreed level, and to get that agreement to be binding on subsequent owners?

■ It would certainly be possible to execute a restrictive covenant preventing boundary hedges or trees being allowed to grow beyond a certain height. In order to be binding, the covenant should be registered at the Land Registry as a burden on the property on which the trees go and, if possible, as a benefit on the neighbouring property. We suggest you contact a local solicitor. (Murray Johnstone).



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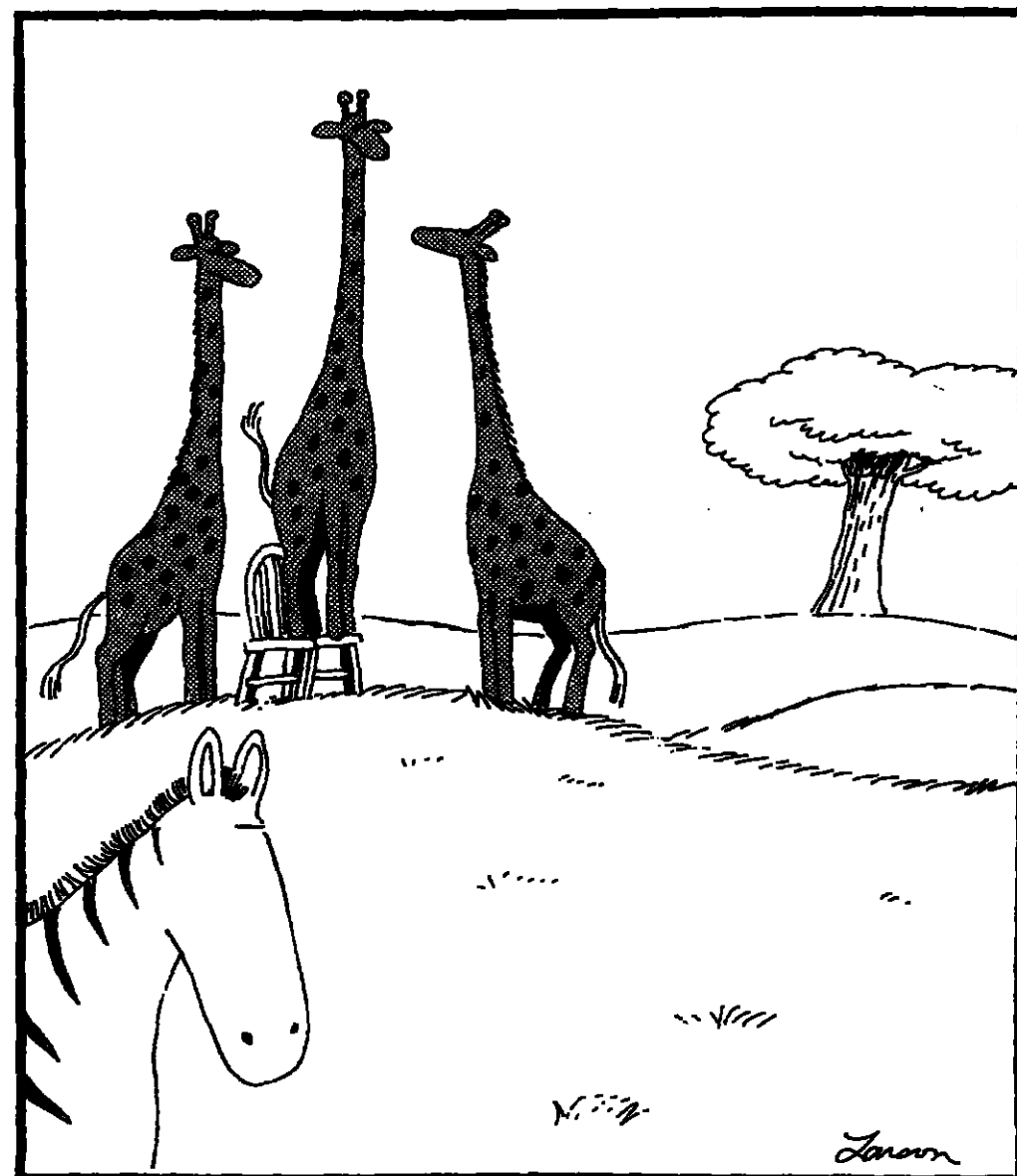
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PERSPECTIVES

Once, stretch limousines, the unfeasibly long Cadillacs which are the transportation of choice for film stars, supermodels and movie gangsters, were rarely seen outside Manhattan and Los Angeles. Now they are an increasingly common sight in London, in part because of the success of Limco, a limousine-hire business based in Chesham, Hertfordshire.

The idea that Britons might take to being chauffeured in 30ft, three-ton monsters with shag-pile carpeting, white leather upholstery, smoked glass windows, bar, refrigerator, TV, telephone and video came to Les Barnes, managing director of Limco, four years ago during a visit to New York. Barnes, 45, and Chris Thorn, 48, had been partners since 1978 in a much less glamorous enterprise, Chesham Contractors Plant, engaged in groundworks on building sites - excavation, drain laying and the like. But by the end of the 1980s, when the construction industry in recession, business was deteriorating.

"We were suffering very badly, with no prospect of improvement," says Barnes. "We had to look for something completely different. I had seen the chauffeured limos in New York and thought 'if it can work there, it can work here'."

Having decided to get out of building, Barnes and Thorn could not sell their 17 heavy earth-moving machines worth £150,000 on paper, and had to scrap the lot for just £2,000. The building boom of the 1980s had been kind to them while it lasted, however. They both owned large homes which they were able to remortgage, raising £30,000 from Barclays Bank towards the cost of two stretched Cadillacs which were shipped from the US in 1991.

Barnes believed that the limousines, with their huge seating capacity (the smallest seats eight) would appeal to customers who wanted something special, unlike any other limo. These days celebrities attending London film premieres often hire a stretch from Limco rather than a conventional limousine such as a Daimler - what Barnes calls "Co-op funeral cars".

Famous names driven by Limco have included Liz Taylor, Sylvester Stallone, David Bowie and Muhammad Ali. The footballer Paul Gascoigne, a Hertfordshire resident, uses



Sales drive: Les Barnes, joint owner of Limco, with two of the company's imported stretch limousines

Minding Your Own Business

The pull of star vehicles

Tim Minogue meets an entrepreneur who saw a niche for big cars

Limco much as others would a local minicab service.

What surprised Barnes was the enthusiasm with which non-celebrity customers embraced the concept of big nights out in magnificently vulgar style. Twenty per cent of Limco's business is corporate, but the rest is private hire, mostly "ordinary people out for a good time": birthdays, anniversaries, hen and stag nights, at £30 an hour (mini-

mum four hours) plus VAT. Barnes says: "We're selling the image of the glamorous, showbiz lifestyle, if only for an evening."

Limco's fleet consists of four Cadillacs and four Lincolns. Barnes says demand justifies adding another five cars next year, including a 30ft "super-stretch". Expansion, however, has been curbed by the reluctance of finance houses to supply credit for the purchase of

such exotic beasts.

Barnes says: "We have had to buy all our cars so far, except for the first three, with money up front, despite having a perfect credit rating. As soon as you mention American vehicles, lenders run a mile."

Valuation data is hard to come by on such cars, and lenders assume - wrongly, says Barnes - that they have little resale value in the UK. Limco is negotiating with Ford

Credit, about borrowing up to £250,000 of the £400,000 cost of the new vehicles.

Barnes concedes that finance companies may fear that the stretch limousine craze is mere flashiness in the pan. "We have grown very quickly and lenders are wary of firms with rapid growth. They think the bubble will burst."

Profits are nudging £100,000 per annum on a turnover of around £300,000, up from a

profit of £2,000 on a £71,000 turnover in the first year.

"We based our unit costs on the expectation that each car would be on the road for 20 to 25 hours a week," says Barnes. "In fact, demand has been much greater than we imagined. The cars average 40 hours each. That level of usage drives the unit costs down and the profits up. At the moment we are turning down about 40 or 50 hours worth of bookings every week, because we haven't got the cars."

Barnes says: "We're giving people a taste of how the other half lives. When you hire one of these, it's a party from the moment you get in."

He says "anything goes" in the back of his cars, although women on hen party outings are not encouraged to climb through the sunroof and bare their breasts, as has happened on more than one occasion.

■ *Limco, 6 Brook Close, Chesham, EN7 6DD. Tel: 0992-626118.*

Computing

Fast way to explore your files

David Carter reviews Magellan

Once in a while I come across a software package and think: "This package is terrific. Why isn't everyone talking about it?" That's my feeling about *Magellan*.

Magellan is a "file management" package from Lotus, producer of the 1-2-3 spreadsheet. It runs under DOS or Windows; price £115. *Magellan* will benefit anyone who has a large number of files on their hard disk and needs to keep track of them and keep them organised. I use *Magellan* constantly.

The problem for anyone who does a lot of word processing or spreadsheet work is that over time they build up a large number of files - letters, reports, worksheets, etc - on their hard disk. Such documents are saved under cryptic DOS filenames such as "JIM.DOC" or "TAX-MAN.WPS".

This is no problem at first, but as time goes on you run out of meaningful filenames to remind you what the document is about. Consequently, a year or two down the line your hard disk becomes cluttered with lots of redundant files which really ought to be cleared off and the space made reusable, but you cannot remember what they were about so it is not safe to delete them.

When this happens you need to be able to go past the name of the file and take a look at what is inside. Enter *Magellan*. Its "viewer" facility allows you to go into any document and display the contents on the screen.

Unlike the more technically oriented file management packages such as *Veritas Utilities* or *PC Tools*, *Magellan* is designed for the ordinary user who has masses of information locked away in files on his or her disk and wants to navigate around and "explore" them as easily as possible. Hence its name.

Magellan splits the screen into two. On the left are listed the directories on your disk. One of them will be highlighted. In the right hand part of the screen *Magellan* displays the contents of the highlighted directory.

As you work your way down the list, *Magellan* displays the contents of each file being

highlighted. It is as if you were in the index at the back of a book. On the left page your thumb is on the first entry of the index. As you move your thumb down each entry in the left page of the index, complete pictures of the pages being referred to are displayed simultaneously on the right page.

Simply by using the four arrow keys on your keyboard, you can find and display any document on your hard disk within seconds. And the more files and directories there are, the better it gets. On a network, for example, *Magellan* gives you a list of all the local drives, and with just a few keystrokes you can see into any file on any machine. This is the definitive way to find your way around hundreds or thousands of data files.

Magellan also contains many more useful features. Copying and moving files is far easier and safer than under DOS, for example.

When you are installing *Magellan*, it will ask you if you want to create an index on your files. The program may take an hour to create the index, but it will enable you to make lightning-fast searches of your disk.

I recently wanted to find a letter written a couple of years earlier. I could not remember the name of the person I had written to, nor the company. However, I knew they were based in Edinburgh. I chose F9 to explore, pressed right arrow twice, typed in "EDINBURGH" and pressed enter. Within 10 seconds *Magellan* had searched through 1,600 files taking up 30 megabytes of data and come up with a list of all the documents containing the word "Edinburgh".

Complex searches are similarly quick. People pay thousands of pounds for specialist text retrieval packages to do this sort of thing: with *Magellan* it is thrown in for nothing. As hard disks grow bigger and bigger, it becomes more and more important to have help navigating around them. *Magellan* is the answer. In particular, for anyone whose computer is several years old with a hard disk that has become cluttered up with half-forgotten documents which need to be cleared off, it is indispensable.

The Nature of Things/Clive Cookson

Writing with atoms

A new generation of microscopes, more powerful than scientists would have believed possible before the 1980s, is enabling researchers not only to "see" individual atoms but also to pick them up and move them around.

These microscopes will be vital instruments for the coming era of "nanotechnology", in which miniaturisation will produce atomic-scale structures thousands of times smaller than those used in microelectronics today. On that scale, all the words in the Bible could be written on the point of a pin.

(A brief explanation of the terminology used in nanotechnology: the word comes from the Greek *nanos* for dwarf. The fundamental unit of the field is the nanometre, one billionth of a metre.)

The first of the new instruments, the Scanning Tunneling Microscope, was invented in 1981 by Gerd Binnig and Heinrich Rohrer at the Swiss laboratories of IBM, the American computer group. The STM was a wonderful leap of scientific imagination, recognised unusually promptly with a Nobel Prize for Physics in 1986.

Conventional microscopes work by focusing beams of radiation or particles. Optical instruments are limited by the wavelength of visible light, which is about 500nm; even a perfect lens cannot focus on a point smaller than this, so they cannot see atoms. To achieve greater resolving power, microscopists moved to electron beams and X-rays, which have much shorter wavelengths, but they use penetrating high-energy radiation which is unsuitable for imaging atoms on surfaces.

Binnig and Rohrer decided to use "electron tunnelling", one of the slightly bizarre consequences of quantum theory. When a low voltage is applied

to two conducting materials which are extremely close together but not touching, electrons "tunnel" through the gap; the resulting electric current is highly sensitive to the distance between them.

The instrument built by the IBM researchers had a stylus with the sharpest possible tip - a single atom - which scanned a metal surface. The variations in tunnelling current revealed the ups and downs of the atoms on the surface.

The STM could only give images of materials that conduct electricity. The next step

was the Atomic Force Microscope invented by Binnig and colleagues in 1985 to look at non-conducting materials. The AFM scans a tip attached to a thin metal cantilever across the sample and gives an image based simply on the repulsive forces between the atoms at the end of the tip and those on the sample's surface.

More recently, the STM and AFM have spawned a variety of other instruments, known generically as Scanning Probe Microscopes, which produce atomic images based on thermal, magnetic, optical and other interactions between the tip and sample. By speeding up the scanning rate, scientists have even made "atomic movies", showing how atoms move around on heated surfaces.

An estimated 3,000 SPMs are now operating worldwide, for a vast range of applications, and the number is increasing. Most are used for research into surfaces, helping scientists understand processes such as corrosion. They are also moving on to production lines in the electronics industry, inspecting semiconductors and other materials for surface quality.

In biology, SPMS have imaged the double helix of the genetic material DNA and distinguished the chemical "letters" which hold our genetic code. If the technique can be speeded sufficiently, it may be possible to read genes by microscope, instead of using chemical-based analysis.

But much of the excitement about SPMS concerns their potential for manipulating atoms. Researchers at IBM's Almaden laboratories in California showed the way in 1990 when pushed atoms of xenon across a nickel surface with an STM tip, one by one, and arranged them to spell the company's initials in atomic letters Gm high.

Such demonstrations show that, in principle, data could be stored in ultra-compact "atomic memories". Decades of work will be required to bring atom-scale devices based on SPMS to practical fruition. In particular, the speed with which atoms are moved and scanned will need to increase millions of times.

But it is far from certain that SPMS are the main route to an atom-scale future. Alternative methods of nano-construction are already further developed, such as laying down atoms by molecular beams in a vacuum. These are less sensitive than SPMS but far faster.

The future for the new generation of microscopes may lie more in observing nano-structures and assembling prototype devices than in mass production. However they have transformed the way scientists see the world in miniature.

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PERSPECTIVES

Barbie – the virgin queen of a plastic paradise

It has been quite a year for Barbie, the most popular doll in history. Born on March 9 1959, her 35th birthday has been celebrated all over the world. Columbia Studios is bidding for the rights to make her a film star, and Sheikh Khaled Al Madkur, president of a committee in Kuwait City which advises the government on religious issues, has declared that to buy her is forbidden by Islam.

There is no such veto in Monte Carlo where the National Museum is hosting an exhibition in her honour. It is drawn from the collection of one person: Jean-Pierre Icardo, an office worker from Nice who has "between 700 and 800" Barbie dolls. Now 40, he first saw Barbie in 1964, the year she was introduced to France. He has been her faithful admirer ever since.

As a child, Icardo was enchanted by all forms of decoration and wanted to work in the theatre or cinema. As he grew up, he made his own theatrical tableaux at home and put on entertainments for his friends, using dolls as actors. But traditional dolls were stiff and it was not possible to dress or pose them satisfactorily. Barbie, with her long legs, slim body and beautiful outfits, was the perfect solution. "I fell in love," he says, simply.

After attending Nice University, he took an office job and continued to weave his theatrical dreams at home, always with Barbie as his star. His collection grew slowly: the dolls were expensive and his mother saved up to buy them for him as birthday and Christmas gifts. "I believed I was unique," he says. "I had no idea there were other grown-ups who were collecting."

In March 1984, though, a convention of doll and automata collectors was held in Monaco. Icardo and his mother went along and were aston-

ished to find all the paraphernalia of an established Barbie collectors' market, including books with descriptions of the dolls and how to recognise their ages and dates. In fact, adult collecting of Barbie began in the US in the 1970s and the first Barbie encyclopaedia was written in 1975. Now, there are Barbie conventions every year.

Collectors often specialise, some buying only Barbie and shunning her family and friends, some buying only Barbies from the 1960s, now the most expensive period. Icardo tries to collect everything from 1964 onwards, conceding that his collection grows "only very slowly – the world of Barbie is so huge".

The world's most famous doll is 35 but never ages. Lynn MacRitchie looks back

Mattel, the company that created Barbie, makes limited editions especially for the collectors' market. Unique examples of older or special dolls, such as the very early versions made in ivory white plastic, now change hands for up to \$4,000. Icardo's devotion extends to Barbie's friends and relations. This year, he told me, is also the 30th anniversary of her sister Skipper. Her best friend, Midge, will have her 30th anniversary next year. Ken, Barbie's faithful consort, was born in 1961. "But she will never marry Ken," Icardo insists. "She must stay the young teenager for ever."

When first launched, Barbie was not popular with parents who, rather like Sheikh Khaled, thought her "too sexy". Her popularity with young girls was instant, however, and there are thought to be 700m of her worldwide. Today, Barbie and Ken lead a hectic life as their clothes, make-up and hair styles

change constantly with the times: last year alone, Barbie had 100 outfits from which to choose.

While Barbie's unique proportions have never changed, Ken has been altered several times. His earliest skinny body has been made bigger and his fragile flock velvet hair (now much prized if found in pristine condition) replaced with more practical paint or, for special occasions, wig.

Their world, too, has expanded from lonely junior proms and fraternity meetings to a frantic round of globe-trotting and activities that include every kind of sport, making television programmes and even ballet dancing.

been stopped and uniformity reigns. Icardo considers this "very sad".

Barbie, of course, is not just a pretty face. When I expressed a certain envy of her lifestyle, and pointed out that she never had to work for a living, Icardo was quick to disagree. "She always works," he said. "She has been a model and a singer. This year, she was a doctor. She and Ken have been in the army, taking part in Desert Storm; and in the 1960s, the great days of Nasa, she was an astronaut."

This year's Christmas model will talk and answer questions; one released earlier swims and dives. Truly, she is a superwoman "at the centre of her world", as Icardo puts it. Perhaps, though, it takes another woman to spot a few snags.

To me, it seems obvious that, as she approaches 40, Barbie faces the same problems as the women who have tried to emulate her – success, fame, and glamour do not necessarily bring fulfilment. And few of them have made her supreme sacrifice. For Barbie – astronaut, soldier, fashion icon – has never had sex. Forever dreaming of romantic weddings – dresses for which feature among her sister's outfits, if not her own – her relationship remains unconsummated.

Despite the sexual message of her appearance – huge breasts, heavy make-up, ever more sophisticated clothes – Barbie must remain untouched. She is an Eve who cannot fall, in a paradise filled not with flowers and fruit but with products. The message she brings is to look, to dream – and then, to buy.

La Poupée Barbie, Amniversaire à Monaco, continues at the Musée National de Monaco, 17, Avenue Princesse Grace, Monte Carlo, until September 30. Barbie can also be seen with 33 outfits specially made for her by top French couturiers at the Musée Grévin, Paris, until December 31.



The magic of Barbie: enraptured girls pay homage at the Monte Carlo exhibition

Christophe Deltour

Truth of the Matter/Hugh Dickinson

Only victims have the right to forgive

Years ago, the vicar of a London parish was beaten by thugs in his own house and his daughter attacked and raped before his eyes.

Shortly afterwards he appeared on TV and announced that he forgave his assailants. There was public admiration for such high-minded Christian charity. But some of us felt uneasy. The vicar in us thinks it is just what he would have to say if he was going to keep any self-respect as a Christian minister.

But then I found myself pondering why it felt so different when a father who had seen his daughter blown to pieces by the IRA spoke so movingly about forgiveness and pleaded that there should be no revenge. Was it that one was a private tragedy, the other a wound to a whole community? These are tangled issues, but I have a gut feeling that we must explore them. Behind them loom much deeper waters about the transactions communities and nations need to engage in if they are to steer a course out of vengeance into reconciliation.

In my trade we spend much time trying to help individuals and families find ways out of personal conflict. Is any of that experience transferable into the arena of international affairs? There, I suspect, we are all out of our depth. But for what they are worth there may be some pointers.

For one thing, I cannot forgive an assailant if he is not around to be forgiven and if he has not asked for forgiveness and given some signs of genuine contrition.

Time has to pass. The rage and anger has to be processed somewhere and somehow or it will seep out in displaced responses to other people and

other situations.

And the daughter? I cannot forgive her assailant. Only the victim can forgive. No one else is entitled to. Only after she has reached the point where she can stretch out a hand and I am entitled to do the same.

I may want to persuade her to, for, gross as the injury has been, part of her own healing process must lie in letting the poison go. By nursing our wounds we may turn our backs on healing them. The future is more important than the past. If forgiveness at the personal level is more complex and intractable than a glib Christian precept sometimes makes it seem, forgiveness at the community or national level is far more perplexing. Yet if nations and communities are not to live embattled in age-old feuds and poisoned by past traumas we have to find some way of enabling a process akin to forgiveness to be transacted.

But how? How does a nation forgive? There can be no forgiveness without repentance. How does a nation repent?

The first step must be to tell and acknowledge the truth, not just the facts about the trauma and loss which have been inflicted, but a truthful recognition of the feelings of horror and grief and pain.

Peoples who have suffered must feel that their pain has been felt and responsibility for it accepted by the other side. There must be no excuses, no explanations, no glib political prevarications.

Not for the first time the eyes of nations are fixed once again on South Africa. Since



A picture of forgiveness: Nelson Mandela and F.W. de Klerk

the 1950s South Africa was the international paradigm of gross oppression, destroying its own black citizens by the thousand.

Now, South Africa is groping its way towards reconciliation and forgiveness.

How far this is the direct influence of men such as Trevor Huddleston and Desmond Tutu and how far it is due to a natural generosity in the African character we shall never know. But some of it is due to the acceptance, by the ANC and

the nationalists that there is no other way out of the impending bloodbath. They recognise that the future is more important than the past.

They know their fates are bound together. And they are pragmatists not ideologues. Ideology is the death of peace.

In Nelson Mandela they have a statesman of global stature with a clear understanding of what must be done to achieve reconciliation. No concealment of past atrocities; the terrible truth must be told. An

amnesty, perhaps, for all but the most wicked, conditional maybe on admission of guilt and reparations. Of course no reparation can bring back the dead or remake shattered lives, but, even if inadequate, it can still be a token of a change of heart to which a generous response may be made.

Generosity is of the essence. Mandela himself has been a victim, a man brought back from the brink of execution, his best years destroyed. He has the right to choose to forgive and to provide a paradigm for his people to lead them away from the abyss. "In victory, magnanimity."

Such a stance requires considerable political courage. Chancellor Helmut Kohl of Germany is one of the few western leaders to have had the courage to ask for forgiveness for his people. But it would not have been realistic if there had not been a groundswell of public opinion which felt guilt and shame for the years of the Third Reich.

The next question is more difficult. When and how do we forgive? When do the Jews forgive? When do the Unionists forgive? When do the Irish forgive the British? When do the Bosnians, Serbs and Croats forgive?

Nations and communities are not good at repenting – yet if we do not find a way to repentance, forgiveness and reconciliation, our ancient and more recent wounds will remain running sores and our children's children will be caught up in these vicious cycles of unforgiving violence

and revenge which threaten to overwhelm us all.

A nation with no history is like a man who has lost his memory; our national identity is forged in the telling of our history. But if the core of our national consciousness is welded only from an obsessive picking over the fragments of past injustices and trauma, or from the mythic triumph of battles long ago, the past holds us in fetters.

We cannot reach out to make a new and peaceful future for our children to live in as long as we are constantly showing repeats of films about past wars. The images of war offer no solutions except more violence to the problems of traumatised and hostile peoples.

How can we go about it? The terrible truths must be exposed. Reparations must be

agreed. But then statesmen must speak for nations words which nations cannot speak. Stories must be told. Journalists and editors must take risks with their congenial cynicism to say the unsayable. The media have a huge responsibility for shifting public attitudes. Images of generosity must be sought and held up to the public gaze.

One such I heard from Archbishop Trevor Huddleston.

With his permission I tell it here.

The archbishop was an honoured guest at Mandela's inauguration. He was lodged in a guarded hotel with other heads of state, for he, like Mandela, is at constant risk of assassination. He rose early one morning and went out to say mass on the arm of his minder for he is now physically frail.

From his room he had to walk along a passageway at the end of which was an armed guard. As they approached him the man stepped forward and saluted. He asked if he could touch the archbishop's arm. From his accent it was clear that he was an Afrikaner. In his guttural English, he said quietly: "I am so sorry. I am so sorry for what we have done to your people. I am so sorry."

The archbishop held his hand, and replied: "But now we are all one people; black and white and coloured and English and Afrikaner. We are all equal citizens of the new South Africa. Our future is together."

"Ach no," said the soldier. "You do not understand. I have done terrible things. Terrible, truly terrible. But I heard your voice on the radio and my heart changed." Then, hesitantly, as if he expected the request to be refused: "Father, will you bless me?" So he knelt and the new South Africa forgave the old.

■ Hugh Dickinson is Dean of Salisbury.

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A better class of sleaze

Continued from page 1

study of British sleaze over the past century. First, all political parties have been involved – either (as in the case of Labour) through a process of tacit agreement in shady but not illegal practice, or (as in Poulson) through straightforward misuse of office.

Secondly, sleaze has not been limited to parties – witness the trail of police corruption and the doings of quangos.

Thirdly, sleaze has resulted at least in part from an absence of definite standards of public conduct. A recent survey of British MPs by Maureen Mancuso shows that many have no idea where to look for guidance.

Mancuso asked 100 MPs for their views on, for instance, obtaining first-class but travelling economy and pocketing the difference, or getting parliamentary passes for assistants who were paid by lobbyists. She found "a multiplicity of competing ethical standards" with no consensus. She

divided the MPs into groups which straddled parties: "puritans", "muddlers" and "entrepreneurs". A third of the MPs were "entrepreneurs", willing to condone "almost any activity as long as it does not contravene a written statute or formal rule".

In one respect, Britain's international reputation for non-corruption is deserved: its elections are cheap, and the pressure on parties and candidates to raise large sums is correspondingly low. The credit belongs to Gladstone and a decision taken at the launch of the BBC. The limits imposed by Gladstone in 1893 on local electoral spending have remained in force, while the ban on television advertising by parties removed one of the main objects of party spending in other democracies.

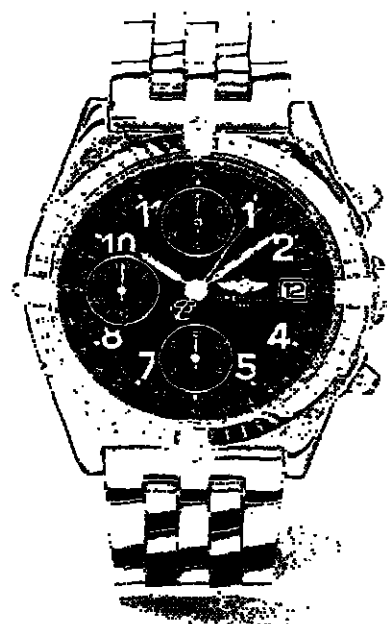
Constituency spending allowed per candidate in a UK general election is barely \$6,000. Little more than \$20m was spent by the main parties combined at national level in the 1992 election. In the US,

more than \$750m is likely to be spent by candidates in the current congressional elections. More than \$400m was spent by the three candidates in the 1992 presidential election.

In spite of what Dr Tim Haines of Nuffield College, Oxford, calls "an orgy of self-deprecatory" in response to recent scandals, the pressure on US congressmen to raise money from corporate interests for elections is all-consuming. Or it is for those who are not super-rich. Two-thirds of senators are dollar millionaires. Ross Perot spent \$65m of his own money in 1992.

Nonetheless, Britain boasts a notable sleaze tradition of its own. The first words of Lord Nolan after his appointment this week to chair Major's commission on standards in public life might have caused Gregory and Poulson to smile: "As the prime minister said, this country has the highest standards of integrity in public life: it is of the greatest importance that those standards be maintained."

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Among Yankee New Englanders, a tribe generally known for its taciturnity, the people of Maine are supposed to be the most taciturn of all. Bemused contemplation of "out-of-state folks" is said to be their pleasure, the monosyllabic response their forte - "Nope..." or "Yup..." are supposed to be just about all a Down-easter feels inclined to say at any one time. But it was not that way at the Bailey Island General Store when I walked in one afternoon.

Bailey Island sits at the end of a narrow finger of land - one of several collectively known as The Harpwoods - that stick far out into Casco Bay north of Portland. It is hardly a major attraction. It has none of the summer mass tourism of Old Orchard Beach further down the coast, none of the moneyed, old-family cachet of Bar Harbor further up the coast. It is a hardy rural community, spread out along a treed and rocky coastline, that lives primarily by lobstering. Endless backwoods colloquy, however, appears to come a close second.

I sat at the counter in the general store long after the blueberry muffins and coffee I had ordered were finished. It was not the community notice-board (Ed's Trucking - you call, we haul) that kept me lingering. Neither was it the pot-bellied wood stove, extinguished since last winter, nor the rack where general store habitués kept their own name-labeled coffee mugs.

It was the habitués themselves, a clutch of flannel-shirted, baseball-hatted duffers gathered in favourite chairs at the end of the counter. I had never heard crustier, longer-winded griping in my life. Nothing was right with the world. The lobster season had gone all to hell, volunteered one coffee drinker. This was worth an emotional 20 minutes moaning. Hunting was not what it used to be, someone else threw in, and that was good for a 10-minute whinge. Something had got into the pumpkins this year, cackled a third, and they all got going on the woeful state of vegetable gardening. The local economy

drew no less cynical a reaction: "Well of course they can say the recession is over. Your cat can have kittens in the oven and you can say they're biscuits, but it don't necessarily make 'em so."

On and on it went. The baseball strike, the weather, the price of plywood, those damn fool environmentalists from Washington. Life in Maine of late, it was roundly concluded with a Great North Woods flourish, was hardly worth a raccoon dropping.

I was about to step out convinced there was nothing at all that Mainers could discuss happily, when someone brought up the subject of a recent canoe trip he had taken. Almost instantly the atmosphere changed - there were smiles, good natured anecdotes, discussions of the best

Nicholas Woodworth goes kayaking off the coast of Maine

routes, the best techniques, the best camping sites. Suddenly happy days had returned. I felt feeling intrigued: if canoeing in Maine was something that could make this crowd happy, then it was something worth investigating.

Not five minutes away, at the foot of the stone bridge leading on to Bailey Island, I was brought to a halt. Sitting on a wharf overlooking the wind-ruffled water of Harpwell Sound were a rack of brightly-coloured, strange-looking craft. They seemed an odd mix between canoe and whitewater kayak. Where a canoe is high and open they were low and decked, where a kayak is short and stubby, they were long and narrow.

They were in fact, sea kayaks, one of the most elegant and graceful one-man ocean craft around. I fell for them instantly. I fell for them more than plain canoeing. In five minutes I had introduced myself to Jeff Cooper, owner of H2O Outfitters. Not only did we agree to meet for a bite that evening, but also arranged a

day of sea kayaking.

In *The Happy Isles of Oceania - Paddling the Pacific* Paul Theroux recounts an island-hopping trip he took from Australia across the Pacific to New Zealand, Tonga, Fiji, Samoa, Tahiti, the Marquesas Islands, Easter Island and Hawaii. Accompanying him were two large canvas sacks - the separate halves of the sea kayak he assembled wherever the whim took him. And it took him often: the trip was something of an escape from an unhappy part of his life, the paddling a sort of therapy.

There was nothing unhappy about Cooper - there is a constant twinkle of humour in his eye. Nor did he feel the need to escape quite as far as the south Pacific. But as he told me that evening over a swordfish and scallop dinner with his wife Cathy, Maine is his escape and sea kayaking his life. For beauty and enjoyment he is not even sure that he would trade the Pacific for the rock and pine-covered coast of northern New England.

After 11 years here, Cooper cannot imagine returning to urban Pennsylvania. "Old college friends sometimes call me up," he laughed. "They have MBAs, big businesses, big cars, big stress. I have some canoes and a big white Pyrenean dog. We are so different now it is hard to have a normal conversation. I teach sea kayaking, Cathy teaches canoeing and skiing for L.L. Bean's Discovery programme. It is not hard to fall for outdoors Maine; you'll see tomorrow."

I sat up that night on the porch of the ancient Driftwood Inn, a wonderfully unfashionable place of creaky floorboards and rusty bathtub water, imagining my own escape to a fishing community on the coast of Maine.

Below the inn, the tide swirled and gurgled as it began its 12ft climb up the rough granite sides of Bailey Island. A night bird hooted from the spruce woods across a stretch of water. The moon rose. Miles out to sea, steaming south to Portland from Yarmouth, Nova Scotia, the ferry-boat *Bay of Fundy* slipped away in a dim twinkle of lights. It would certainly be a different way to look at life I thought as, bed-



Paddling to happiness: the taciturn Yankees of Maine moan about the fishing, the hunting, the crops, the government, the economy and the weather. Kayaking cheers them up

bound, I too slipped away. But the best way to look at life in this part of the world, I realised a few hours later, is from out at sea, in a low-riding, swell-bugging kayak.

With a small group I spent the morning in calm water near the wharf learning basic sea-kayaking techniques: the double-ended paddle, the knee-squeezing narrowness of the hull, the awkwardness of entry and exit, the closeness to the water surface - all took some getting used to. So, too, did the fluid, hip-swivelling paddling motion that Cooper made look so easy; on prolonged sea-kayaking trips it is this graceful movement that saves vital

energy and wear and tear on arms.

By lunchtime though, with several capsizees behind us, we all felt confident enough to propel our craft under the stone bridge against a rising tide, through a set of narrows, and out into the open water.

It was a soft, hazy day, the kind on which the sun is barely discernible and the precise line between sea and sky disappears. There was no wind and the air was warm, but an occasional, inept dipping of my fingers below the water reminded me that this was no south sea - far from the Gulf Stream, Maine coastal waters remain cold all year.

Along the rocks, large heron gulls swooped in and out from stony perches over the water. Cormorants dived, disappeared, shot up unexpectedly and dived again. On the way out to Pond Island, running a course among a thousand bobbing lobster buoys, we were joined by a party of seals; curious enough to stop robbing bait from the lobster pots below, they followed us for a mile or so.

How much nicer to be out here looking in, I thought as we paddled silently past the Driftwood Inn. Houses, forests, rocky promontories and deep coves came and went, all the more attractive for the broad

seascapes they sat behind. Closer in, I drifted to that restless place where water meets land, surging in among the swirling kelp, feeling the pull of the swell on the rocks. Exhilarated, I found myself gulping down great lungfuls of air and wishing it would never end.

Real sea-kayakers pack their craft with water, food and camping gear and disappear for days at a time. I had done just one circuit of one small island. But there is nothing, I decided, like seeing life from barnacle level.

Given the chance that afternoon of paddling a few more of the happy isles of Maine I

could have had just one answer: "Yup."

There are a number of companies that will rent sea-kayaks along the Maine coast with few questions asked. Sea conditions often change rapidly, however, and extreme caution is required; novices are advised to take basic instruction. Jeff Cooper may be contacted at H2O Outfitters, PO Box 72, Orr's Island, Maine 04066. Tel (207) 533 5257.

In Britain information on sea-kayaking clubs and courses may be obtained from British Canoe Union, John Dudderidge House, Adbolton Lane, West Bridgford, Nottingham NG2 5AS. Tel 0602 521100.

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BOOKS

The mystery and the magician

Simon Callow finds that Alec Guinness continues to be an elusive subject

Alec Guinness is a mad-daring challenge for a biographer: private life impeccable and without incident; career one of absolutely solid achievement, the one or two failures subsumed in a steady march to glory; work exceptionally fine and universally admired.

The renowned mystery and secrecy of the man prove simply to be a refusal of the usual pact by which successful actors, in exchange for perpetual publicity, allow themselves to be reinvented by the media. In fact, Guinness, as countless people – as opposed to journalists – have testified, is a delightful and amusing companion, deeply interested in the outside world while being inordinately fond of his home, lover of food and wine, relisher of literature and art and prone to intense enthusiasm

for both things and people. A paragon, in fact. What's the catch, the biographer wants to know. What, he asks impatiently, makes the guy tick? "I was not aware," Guinness replied magisterially to an interviewer who asked the same question, "that I was ticking." He is, of course, very loudly indeed. There is a great deal going on inside, emotionally and intellectually. What exactly this might be is the question which Garry O'Connor addresses.

Mr O'Connor has a distinguished record as a biographer; his account of Ralph Richardson is nothing

short of a masterpiece, the life itself interlarded with his extraordinary encounters with his subject. In the case of Guinness, for better or for worse, he has not had the same advantages. He has accordingly made as much of the existing record, above all, of course, Guinness's own masterly *Blessings in Disguise* (another curse to the biographer: the carpet pulled from underneath his feet).

The revelation that Guinness chose to make in that book of his illegitimacy and terrifying upbringing is the core of Mr O'Connor's meditation on his life and art. The

ALEC GUINNESS, MASTER OF DISGUISE
by Garry O'Connor
Hodder £17.99, 316 pages

quest for the father; the distrust of the mother. Mr O'Connor detects these everywhere and it is no surprise that he sees *Hamlet* as the correlative of Guinness's inner journey. There is obvious truth in this; but it cannot explain Guinness either as man or as actor.

The essential fact about Guinness is that he transmuted his inner

drama into acting, not in an autobiographical sense but by becoming a sort of ontological magician. He was able to release himself into character, or rather, perhaps, he was able to allow himself to be seduced by, to be taken over by, another self; and he did this above all by the power of thought.

It was no emotional abandonment, rather a consciously acquired ability to discharge the rage and feelings of impotence that *Blessings in Disguise* clearly tells us were the primary experiences of his young life. The need to control and release

these emotions produced the powerful mental instrument that is central to Guinness's work.

There is a mystery here and it turns out to be the mystery of acting itself. Mr O'Connor is not good at analysing this because he is less interested in the physical performance than in what the performance portends. The alchemy is merely alluded to.

As for what goes on in Guinness's mind, O'Connor seems to view him as an intellectual; this, I submit, is not the case. He is a man of prodigious, almost frightening, mental force, but ideas, the

medium of the intellectual, are not what he uses his mind on. He observes, he penetrates, sometimes he eviscerates.

He is a remarkable writer. I would suggest that he is that rare actor, one who has the temperament of a writer – and not necessarily a dramatist. His performances could almost be said to have the depth and complexity of fiction.

Perhaps this might explain a certain lack of linearity in his stage career, a quest for characters rather than roles. His has been a unique journey; Mr O'Connor charts it thoroughly and intelligently, in a series of short chapters and in elegant prose which cannot, however, conceal the fact that he raises questions which he is unable to answer. So the *Master of Disguise* of the title has eluded the detective yet again.

Virtual hippies

It is not all a brave new world, says Stephen Amidon

The Utopian urge has been with us since Cro-Magnon man started bumping his head on the cave ceiling, so it is hardly surprising that some people maintain that quantum advances in information technology might give birth to a vastly better society.

The young American journalist Douglas Rushkoff is such a believer. His lively and informed book is an ode to computers and fibre optics, a glowing map of a brave new world called Cyberspace.

Rushkoff defines Cyberspace as a "consensual hallucination accessed through the computer" – hence, anything from two people speaking by satellite link, to a boy

It is hard to argue that technology like Video Toasters, which allow us to "sample" television shows as disc jockeys now do records, and "wireheading", hardware that plugs directly into the human brain, promise a whole new way to work and play.

What Rushkoff seems to have less of a stomach for is the dark side of this world, the dystopia in which technology is used as a means of repression and conformity rather than liberation.

Believing that "as computer-networking technology gets into the hands of more cyberians, historical power centers are challenged," he seems to forget that the reason so much power is centralised is that the people who wield it have a knack of staying one step ahead of the rest of us. Cyberia's relation to its Soviet namesake may be more meaningful than just a facile pun. That said,

Rushkoff's examination of the technological aspects of Cyberspace remains essential for those interested in the subject.

Where the book proves far less effective is in its second part, which deals with the non-computing side of Cyberia. Smart drugs, house music and Cyberpunk fiction are all subsumed under a tatty umbrella of New Age thinking that would have us believe in some way related to the information revolution.

Rushkoff's arguments are far from convincing – one need only listen to the monotonous drone of rave music or the cretinous babble of a "smart drug" saleswoman to understand that this is nothing more than warmed-over hippyism. Rushkoff's prose, so lucid in the early parts of the book, becomes unmoored and jargon-ridden as he takes us through the poorly-lit labyrinth of "neopaganism" and "technoshamanism".

Where he started off largely convincing us that a brave new world was being born, we leave the book thinking that Cyberia is little more than an enclave for the sort of drop-outs who have always found their utopia in the same place – anywhere but here.

CYBERIA: LIFE IN THE TRENCHES OF HYPERSPACE
by Douglas Rushkoff
Flamingo £6.99, 320pp

wandering deep in the latest virtual reality program.

For Rushkoff, Cyberspace is a realm ripe with possibilities for new human organisation and development. It is a place potentially free of governmental oversight and personal neuroses, where human impulses can be infinitely perfected with the help of the microchip.

The author is at his most convincing while charting recent advances in hardware technology and showing how these have benefited the human imagination. For Rushkoff, the existence of a "datasphere", where a large number of people are plugged into one another's computers, provides an imaginative arena of unbridled possibility.

He posits a world where business meetings and classrooms no longer require physical proximity, where correspondence occurs without delay, where news can be transmitted without need for media conglomerates. Rushkoff breathlessly scans the future horizon, catching glimpses of scenarios such as cyber-sex between two people using Virtual Reality software and "wet", body-reactive hardware.

This is the third biography of Evelyn Waugh. The general picture of a monster genius and who wrote like an angel remains; but this portrait is painted in warm fresh colours: the background is filled in with an eye for detail based on much new investigation and from personal knowledge.

Waugh emerges as an even more complex character than before as he travels through a life that began in 1903 at Fortunate Green, North London, as the second son of Arthur Waugh, publisher and occasional writer.

Waugh does not become any nicer through remorse. At Lancing College he moved in a precocious set that included Tom Driberg, Dudley Crew (later Times film critic), Roger Fulford and Max Mallowan. The latter remembered Waugh as: "courageous and witty and clever but [he] was also an exhibitionist with a cruel nature that cared nothing about humiliating his companions as long as he could expose them to ridicule."

Those traits remained for the rest of his life. At Oxford, he fell foul of his history tutor, C.R.M.F. Crutwell, who became thereafter a constant butt of Waugh the writer's wit. Waugh went down without a degree but not without memorable experience. He had fallen in love with inelegant, feckless Alistair Graham, a Catholic convert (who became Sebastian Flyte in *Brideshead*), and had met two homosexual aesthetes Harold Acton and Brian Howard (who jointly became Anthony Blanche).

Waugh had no job and no prospects. Art seemed an option. He had a talent for drawing – or perhaps cabinet-making. He revered crafts-

A monster in context

Anthony Curtis appreciates the detail in a new biography of Evelyn Waugh

men. In the end it had to be school-mastering. He went off to Arundel House, Llandudulas, Denbighshire, where he became popular among the boys on account, we are told, of "his enlightened policy of laissez faire". He hated it but it was all

EVELYN WAUGH: A BIOGRAPHY
by Selina Hastings
Sinclair-Stevenson £20, 724 pages

wonderful copy. When *Decline and Fall* came out, illustrated by him in 1928, he enjoyed universal critical success. "An uncompromising and brilliantly malicious satire," said Arnold Bennett in the *Evening Standard*. Waugh was still only 24.

His first brief marriage soon came to grief and Waugh, now a celebrity, fell in love with many of the well-bred young women he met. Most were indifferent to him as a lover. Sometimes it was whole families of whom he became enamoured in his upward ascent. There were most importantly the Plunkett Greens, two tall brothers, a daughter and a mother Owen, niece of Baron von Hugel, the theologian. It was she – Gwen Greene – who

set Waugh on the path to Rome and Father Martin D'Arcy who instructed him. It took a long time for the Vatican to annul his youthful marriage, a measure that became urgent when Waugh met his fate, Laura Herbert, 18, who was of all things the cousin of "She-Evelyn", his first wife. "I thought we had heard the last of that young man," said her aunt.

A happy permanent second marriage did not somehow mellow Waugh. Children, of which they had several, bored him. He tended to disappear when his wife's pregnancies came to term. Instances of his inactivity, his outrageous behaviour in his public life, abound. Feuds with other writers such as Peter Quennell could be never ending.

His saving grace was courage. He was an intrepid traveller before the war on various assignments including visits to Abyssinia (see *Black Mischief* and *Scorp*). As an officer in the Royal Marines and Commandos Waugh behaved badly in the mess and inconsiderately towards his men, but was brave in action especially during the exodus from Crete.

The contradictions inherent in Evelyn Waugh could be endlessly prolonged. The role of the landed

English Catholic country gentleman, in which he cast himself, was stressful for him to keep up. Add to it the precariousness of literature as a means of sustaining a large household and an extravagant lifestyle and you have the prelude to the ship-board crack-up so well described in *Pygmalion*. It was precipitated by bromide poisoning: he was taking it to cure his insomnia.

In his last years Waugh became an icon of English insularity, a volcanic John Bull-figure in houndstooth suit, brandishing cigar or ear-trumpet which he put to his ear when he was speaking and lowered when he was listening. In fact, you were most unlikely to get anywhere near him especially if you were a journalist. He saw the intrusive Nancy Spain of the Daily Express literally off his premises and then successfully pursued her through the courts for libel. He managed in the famous television *Face to Face* interview to discomfit the normally unflappable John Freeman by replying to his probing questions in brusque monosyllabic one-liners.

After more than quarter of a century, neither the legend nor the behaviour matters. Great comic novelists such as Waugh and Dickens do often behave badly to their nearest and dearest as well as to their furthest and most loathed. Waugh the man diminishes to nothing when placed beside the delights of his still hugely readable fiction.

Selina Hastings does not neglect this. She can be most perceptive when relating the life to the novels. All are still in print and selling well. *Vile Bodies* and *Brideshead Revisited* both sold between 11,000 and 12,000 copies last year. If Waugh were alive he would, surely, at 91, be grunted to know that.

immoderate behaviour, the Persians, if Herodotus is to be trusted, viewed it as an altered state of consciousness that is as valuable as sobriety." The very presence of Herodotus in the volume demonstrates that the ancient world is given due attention.

History, indeed, is well treated throughout. The 19th century is not neglected, and some of the interesting British writers on wine are included, like Alexander Henderson (a medical doctor) and Cyrus Redding, "England's answer to the great wine explorer of France, André Jullien". Both Redding and Jullien were travellers, and Redding, convinced that geography mattered more than history, discussed wines from all parts of the world. Geography and history have always travelled well together in studies of wine, both academic and popular, and more than one-third of this volume is devoted to specific wines and wine regions: there are 31 regional maps.

Some of them reveal the topical strains to which wine making is subject. The article called *Yugoslavia* incorporates a map called *former Yugoslavia*. The article on Cyprus is as problem-laden as Cyprus itself. Azerbaijan and America have articles too. Apparently vineyards in Azerbaijan account for 7 per cent of cultivated land and grapes for 30 per cent to 40 per cent of agricultural output.

There are 12 articles on the former Soviet Republics (as revealing as the excellent articles on Argentina and

THE OXFORD COMPANION TO WINE
edited by Jancis Robinson
Oxford University Press £30, 1086 pages

Chile) and one on "Soviet sparkling wines", a specific term devised according to European Union law ("See European Union"). Gorbachev, who tried to cut alcohol consumption (there is no article on him or on Yeltsin) does not appear as a liberator in this context. He makes a dramatic entrance, for example, into the article on Bulgaria: "Gorbachev's arrival as Soviet premier had dire consequences for Bulgarian wine."

Politics – and economics – are less fully handled than most other disci-

plines in the interdisciplinary mix, although there is an article (all too brief) on taxation and scholarly articles on investment in wine and on auctions. There might well have been an article on Gladstone, who cut taxes on French wines, and when we reach the 20th century there is too little on the retailing and pricing of wines and on the changing roles of stores, chains and supermarkets.

There is little, too, about competition from other alcoholic beverages not based on the grape or about soft drinks and mixers. *Aperitifs* have an entry, but there is no reference to cocktails, and while *aperitifs* and *apandites* are mentioned and there are long articles on armagnac and cognac (the latter making one cross reference to vodka), there is no sign of calvados, whisky, beer or, for that matter, black velvet. A brief article on alcohol makes the point that "the alcohol content in a perfectly balanced wine should be unfathomable".

The articles on food and wine are sketchy, too, but the place of science both in viticulture and in vinification is handled in expert fashion, and the

brief article on traditions ends with the comforting words that "traditions are likely to have evolved for a reason, often one that is eventually explained by science".

The article on "training systems" that follows almost immediately is concerned solely with vines, not people.

The first two entries in the volume are *abocato* and *abocado*, medium sweet, and we are directed to the article on sweetness. In the absence of an index such direction is all, but no one interested in wine should miss the aroma wheel on pages 58 to 59.

Not all writers on wine could be described as medium sweet, but all those whom Jancis Robinson has recruited to make this volume such a good companion, a companion for all times, deserve a collective toast. Unfortunately, it must be taken from outside the volume, where under "toast" we read only that "toast given to a barrel when forming it over a heat source, is one of the processes in barrel making that most obviously affect eventual wine flavour". Roll out the barrel.

Fiction/Joan Smith

Vengeance exposed

P.D. James rises to a creative challenge

The sin at the heart of P.D. James' new novel is a callous act of betrayal committed many years ago, before most of her characters were born. It is a book in which she reveals an almost Oedipal sense of the inescapability of the past, while remaining too complex a moralist to endorse notions of pre-destination or determinism.

The epic tragedy which unfolds in *Original Sin* is a warning against vengeance, whose blind rhetoric is exposed at the end of the novel as a destructive force beyond the control of those who unleash it. Lives are lost, careers destroyed, because of one character's literal acting out of an Old Testament view of justice as a means of enforcing equality of suffering.

That a detective novel should be discussed in these terms is an apparent vindication of James' argument that the form is flexible enough to contain the moral subtlety and fine writing more usually associated with literary fiction. At the same time, it has to be said that few authors who write this type of fiction come anywhere near approaching James' degree of accomplishment.

In her case, the boundaries of the genre appear to act both as a comfortable framework and a creative challenge. *Original Sin* slyly replays some of the clichés of Golden Age

detective fiction, from a closed circle of suspects – the partners in an ailing publishing house based in a mock-Venetian palazzo on the Thames – to a locked-room mystery which only gradually reveals its fictional and historic antecedents.

James has always revelled in plots of startling intricacy which she manages to unfold without intruding her authorial presence. In *Original Sin* she writes cinematic-

ORIGINAL SIN
by P.D. James
Faber £14.99, 432 pages

cally, beginning with a series of brief, vivid scenes in which a temporary secretary arrives at the Peverell Press and observes not just its architectural magnificence but the discontents among the staff. The company's chairman has recently died (of old age, unlike the deaths which swiftly follow) and been succeeded by Gerard Etienne, the ruthless son of his French business partner.

Gerard is planning sweeping changes, among them the sale of the palazzo, ironically named Innocent House, to a property developer. Shortly after a bad-tempered board meeting he is found dead in a poky upstairs office, his corpse garishly presented: half-clothed and with a draught-excluder in the shape of a

snake (known in the company as Hissing Sid) wound round his neck, its head jammed into his mouth.

The image is grotesque, pantomimic, yet without in any way undoing the horror of the scene. Later in the book, when another victim is shown struggling and falling to escape the gruesome death planned by the same killer, James' contribution to detective fiction becomes clear. Where Agatha Christie or Dorothy L Sayers or John Dickson Carr used violent death as a device, the enabling act which set the plot in motion, James aims for an emotional authenticity which restores its chilling, unforgiving finality.

Murder for her is an outrage, a rent in the social fabric which the forces of law and order – represented in this novel by her Scotland Yard detective Adam Dalgleish and his assistants – struggle not so much to mend as to limit. In *Original Sin*, the impossibility of the task comes close to overwhelming them, producing a bleak, bitter finale which casts a baleful light on the conventional romance acted out by two of the surviving characters. James' finest novel to date, *Original Sin* exposes the harsh fallibility of human vengeance in a world where the ideal of divine justice, though attractive to Dalgleish – and I suspect, his creator – may also prove illusory.

BOOKS

Feminist mauling of the power of myth

Jackie Wullschlager writes on a deconstruction of fairy-tales

Of all art forms, the fairy-tale is the most reliable barometer of a society's cultural priorities. It is the oldest popular literature we know, and responses to it have always spoken loudly for their times.

In the 18th century - the Age of Reason - fairy-tales were banned from the nursery as dangerously imaginative. With the Victorians, their innocent heroines were sentimentalised - Dickens said perfect bliss would be to marry Little Red Riding Hood. In the 1930s, the Nazis billed the Grimm Brothers' stories as pure Aryan folk tales, advertisements for the German heritage.

Marina Warner, one of the

FROM THE BEAST TO THE BLONDE
by Marina Warner
Chatto and Windus £20, 480 pages

best-known cultural commentators of the 1990s, has brought the politically correct clichés and intellectual fripperies of contemporary mediaspeak to bear on fairy-tales.

The book confirms what the Reith lectures earlier this year suggested: that Warner is not a serious thinker in search of the truth but a propagandist for a brand of popular, feminist prejudice. She uses the trappings of scholarly reference and literary allusion to deliver familiar ideas which neither challenge nor illuminate the received wisdoms of our age.

From the *Beast to the Blonde* she says that fairy-tales offer a misogynist view of female characters. This misogyny can be traced to the "particular web of tensions in which women were enmeshed" when the stories were first recorded, but it is now outdated and we should develop alternative readings.

Warner shows convincingly how features of fairy-tales that we take for granted are rooted in specific historical periods. Mothers are absent because they often died in childbirth; Cinderella, in sackcloth and ashes, is a child mourning her mother. Stepmothers are pres-

ent because widowers generally remarried: 80 per cent did so within a year in 17th- and 18th-century France, when the early literary versions of Cinderella and other tales were written by courtly authors like Charles Perrault. Arranged marriages, dynastic feuds, dowries - all were part of the daily fabric from which the tales emerged, and explain why evil stepmothers and cruel stepsisters play vital roles.

Warner presents her case as a quarrel with a second - and by no means a contradictory - interpretation of these characters: as archetypes who tell us less about history than about the human psyche.

Bruno Bettelheim, in his seminal book *The Uses of Enchantment* (1976), crystallised this psycho-analytical view, showing brilliantly how the tales confront unconscious dilemmas and help resolve them through fantasy - sibling rivalry in Cinderella, mother/daughter friction in Sleeping Beauty, fear of abandonment in Hansel and Gretel. Bettelheim spoke up for the evil stepmother, arguing that she licensed children's fantasies of hatred by preserving the idea of the good real mother, and that when she is offset by a fairy godmother, as in Cinderella, a child can work through his sense of a parent as both benign and threatening.

For Warner, "this archetypal approach leeches history out of fairy-tale... Bettelheim's theory has contributed to the continuing absence of good mothers from fairy-tales in all kinds of media, and to a dangerous degree which itself mirrors current prejudices and reinforces them". Evil stepmothers, ogresses, ugly sisters have become "battered, inevitable symbols, while figures like the Beast bridegroom have been granted ever more positive status... the danger of women has become more and more part of the story, and correspondingly, the danger of men has receded".

To want fairy-tales without stepmothers and ogresses is to want Hamlet without the prince. Characters from great literature are both archetypal

and historically specific, to deny one or the other is to make a nonsense of how art develops out of the particular to show the universal. Jane Austen's characters, for example, are unimaginable outside their calm 18th-century houses, yet they survive in our imagination because they go so far beyond them in their timeless human experiences.

There are other flaws in Warner's attempt to talk away the power of myth. Her evidence for misogyny is ridiculously weighted. The handful of bad women she fixes on can easily be matched by a cast of male horrors - Bluebeard, Rumpelstiltskin, ogres and giants, the child murderer in *Babes in the Wood*.

More seriously, her argument that outmoded stereotypes still shape the tales conflicts crucially with the central

piece of criticism in the book, the deconstruction of Beauty and the Beast. Warner examines how recent versions - Angela Carter's retellings, the Disney film - reflect two shifts in modern sensibility.

One is the revolution in attitudes to animals, now romanticised rather than feared as in medieval Europe, when bears roamed the woods on the outskirts of town. In the film, the cuddly Beast resembles the American buffalo and "represents the lost innocence of the plains before man came to plunder". The second is sexual liberation. Where once the Beast had to be tamed, now he answers Beauty's desire for wild sexuality.

The Disney film was made not only for Me-generation kids - the first song is "I want more than more than they've got planned" - but for mums

and with Warner's intelligence and scholarly acuity.

Both Bettelheim and Iona and Peter Opie, the other great modern writers on the tales, echo in their criticism the upbeat optimistic mood of fairy-tales themselves. *The Uses of Enchantment* ends with an account of family happiness: "This is one of the manifold truths revealed by fairy-tales, which can guide our lives; it is a truth as valid today as it was once upon a time."

By contrast, Warner concludes on a note as weak as Bettelheim's is strong: "It is time for wishful thinking to have its due." It is the difference between a critic who is wise enough to stand outside his times and write what he believed in, and one who is pandering to popular prejudices.

Francis Younghusband was one of the great eccentrics of the later British Empire, a large club which included Gordon, Baden-Powell, Meinertzhagen, and many more. Patrick French has given him an enthralling, well-written, revealing and flawed biography.

I am not sure about the subtitle - was Younghusband really the "last great imperial adventurer"? (What about the Arabian league, including T.E. Lawrence?) But he was certainly a great and maverick character whose invasion of Tibet in 1904 was only one episode in a dramatic life. "Journalist, spy, guru, geographer, writer, staunch imperialist, Indian nationalist, philosopher and explorer" are listed by French (leaving out soldier and geriatric lover), and he adds: "How had a blimpish colonialist managed to end up as a premature hippy?"

Younghusband's exploits in Asia have of course been recorded before, most recently by Peter Hopkirk and Anthony Verrier, and before that by Peter Fleming and Jan Morris. The value of Mr French's book is that he tells us so much about the rest of the life: indeed, he has the wit to argue that the Tibetan adventure was merely a formative part of an extraordinary journey of personal discovery and development.

After 1908, when Younghusband retreated from India to Britain, he recedes from our history books; yet he became an author, public figure, president of the Royal Geographical Society, founder of the "Fight for Right" patriotic movement in 1915, commissioner of the Jerusalem anthem, promoter of the first Everest expeditions, forerunner of the "Gaia" theories which are today favoured by Professor James Lovelock and the New Age movement, stalwart of the Travellers Club,

and with Warner's intelligence and scholarly acuity.

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The common belief was that girls who had "misled their virginity" were doomed to the streets. Harvey reports Georgian England's increasingly anxious attitudes towards sex, and its

Purity vs promiscuity

A.C. Grayling on sex in history

More is talked and written about sex now than at any time in our history. Until recently we took this as a sign that ours is a time of sexual liberation. Because of the erratic genius and even more erratic scholarship of Michel Foucault, however, we have been made to see that this is not so. We are, according to him, still in the grip of repressions and inhibitions which have grown apace since the 17th century.

Few historians accept Foucault's consciously wayward treatment of the facts, but on this point at least he seems right. Neither A.D. Harvey nor Michael Mason make use of his views in reporting the complex recent history of attitudes to sex, but it is hard not to conclude, after reading their books, that despite Freud and improved contraceptive technology, we are - as Foucault claimed - scarcely more rational, liberal, or active now than our forebears were in 1700.

Note the phrase "attitudes to sex": these books are not about sexual practices but about ideas and opinions. Harvey traces the change in attitudes to sex during the 18th century, Mason the nature of attitudes to sex in the 19th century. There is considerable overlap between them, not just in subject matter but also in time. Together, although unintentionally, they provide a continuous history of changes in attitudes to sex in the two centuries before Freud.

In early Georgian England it was commonplace to believe that women had stronger sexual appetites than men. "A woman is 10 times more inclined to, and delighted in copulation than a man," wrote one supposed authority; "in the rites of love," wrote another, "a woman is too many for a man, and capable of tiring him quite down". The robust picture of female sexuality implicit in Shakespearean bawdy is recognisable here. But by the beginning of the 19th century, women had become frail and delicate, and "expert" opinion now proclaimed that the normal female sexual appetite was "dormant, if not non-existent".

In Harvey's view, what was going on was a denial of female sexuality coupled with an increasing concern for female "purity". With the view of women as inferior and vulnerable there grew up new mythologies of seduction and rape - the former being what happened when girls said "yes", the latter when they said "no".

The common belief was that girls who had "misled their virginity" were doomed to the streets.

Harvey reports Georgian England's increasingly anxious attitudes towards sex, and its

concomitant attempts at repression and control. Mason, who recently published a much-praised account of Victorian sexual life, focuses attention on the surprising fact that it was secular, rather than religious, opinion which turned Georgian anxiety into Victorian obsession.

The usual view is that Methodism and evangelical Anglicanism were responsible for the prudishness of Victorian sexual attitudes. Mason shows that religious orthodoxy in England was on the whole in favour of sexuality - within marriage, of course - and strongly disapproved of the celibacy of Roman Catholic priests and nuns. "Anti-sensuality" came not from vicars and bishops but from progressive opinion, such as the followers of Bentham, the proponents of working-class self-improvement, and the fem-

SEX IN GEORGIAN ENGLAND

by A.D. Harvey
Duckworth £20, 205 pages

THE MAKING OF VICTORIAN SEXUAL ATTITUDES

by Michael Mason
Oxford £17.99, 256 pages

inists, most of whom were opposed to liberalised sexual attitudes and birth control.

This odd inversion is explained, according to Mason, by the progressive belief that the more human beings aspire to civilised values, the less instinctual and animal they become - and this means, the less they are gripped by sexual appetite. Mason calls this "aspirational anti-sensuality". The claim that such views, rather than casting religious sentiment as the chief engine of Victorian morality is a striking and original thesis. Mason does not deny that religious sentiment played its part, but he accords it a "passive" role.

There is one important gap in Mason's account. The growing confidence of Victorian medical science put a weapon into male Establishment hands which obstructed a clear-eyed understanding of sexuality in general and female sexuality in particular. Much of what was believed about sex by Victorian doctors has since been stood on its head, but surprisingly many of its prejudices remain. Only now, for example, is it again being acknowledged that women have as robust a sexual appetite as men.

These are instructive and important books. Apart from their special interest, they show yet again that the study of history is an absolute necessity for understanding most things human.

A guide and a gambler

Iain Macleod was a man of paradoxes, writes Malcolm Rutherford

Iain Macleod has been a legendary figure in the Tory Party for so long that it is surprising we have had to wait until now for a comprehensive biography.

Even posthumously, paradoxes abound. Macleod was one of the first senior Tory MPs to recognise the talents of the young Margaret Thatcher. As shadow chancellor in the mid-1960s, he insisted that she should be his second-in-command, and let her rip. He concluded quickly that one day there could be a woman prime minister, and it might be her.

At the same time, as we now know, Macleod was the hero of another aspiring politician who was also a future prime minister: John Major. It was Macleod's appeal to one nation and his ability to captivate a Tory Party conference that Major admired.

Yet Macleod made enemies as well as friends. Lord Salisbury, once a force to be reckoned with in the party, dismissed him as "too clever by half", and the charge stuck. Alec Douglas Home, in whose cabinet Macleod declined to serve, thought that Macleod was naive, especially over Africa. Macleod thought that Home was the most arrogant man he ever met.

In one telling case, friendship turned to ashes. Two of the guiding lights in the post-1945 Conservative Party were Macleod and Enoch Powell. Macleod long regarded Powell as an intellectual mentor, even if he seldom went all the way with his conclusions. When Powell turned against coloured immigration, the friendship died.

Some of Macleod's other likes and dislikes have no obvious explanation. He rather liked James Callaghan: the pair of them shadowed each other across the House of Commons first on colonial policy, then on the economy. He had a marked distaste for Roy Jenkins, despite the fact that the kind of Britain that both of them wanted to see must have been practically identical. He professed to despise Harold Wilson, although Wilson was one of his greatest admirers.

Above all, Macleod thought that Edward Heath was boring and never considered him as a serious contender for the leadership of the party until it was too late to stop him.

In short, Macleod was a very unusual man, which is what this book is about - or should be. At times Robert Shepherd's biography is a little too comprehensive, a mite too taken up with detail, to let the story of the man come through. Yet the story is still there.

Macleod was a gambler. Early in the war, after a bout of drinking, he attempted to shoot his commanding officer for refusing to play stud poker with him. But that was an aberration. On the whole he gambled astutely. He made his spending money out of playing bridge and writing about it in the newspapers. He helped to invent the Acol system of bidding - named after a club in Acol Road, South Hampshire.

Shepherd perhaps underestimates the importance of this. The system works by keeping the initial bidding low in order to allow for a possible dramatic change of suit later on. That was how Macleod

worked in everything.

As minister of labour in the late 1950s, he loved bargaining with the unions over pay. Some of the union leaders respected him for it. At one stage, during a famous London bus strike, a group of them went to see him privately to say that Frank Cousins, the transport and general workers' leader, should be taken down a peg.

Macleod continued in much the same style as colonial secretary. In retrospect, that far and away his most important job. When he appointed him after the 1959 general election, Harold Macmillan noted that "Africa seems to be the biggest problem looming for the man at home". Macleod's task was to accelerate independence without provoking massive unrest. He did it through a series of cliff-hanging negotiations during which both blacks and whites often claimed that they had no idea which way he would play the cards.

The unrest that resulted was mainly in the Tory Party at home, which was why Macmillan removed him from the job after two years. Nothing that Macleod did subsequently quite lived up to the African achievement. For a while he seemed a possible future leader, but was pre-empted by Home and then overtaken by Heath. He might have been a very good, tax-reforming chancellor of the exchequer when

the Tories returned to office in 1970, but he died within a month. There were other sides to Macleod's character apart from the gambler. He was brought up in Yorkshire, but had roots in the Scottish Isles. His father was a GP from whom Macleod inherited a social conscience. His first mark in politics was to speak up for the reform, but also the preservation, of the health service. His belief in the brotherhood of man lay behind his approach to African independence. Previous colonial secretaries had been well off. Macleod had to cash in his life insurance policy to defray his expenses.

He loved poetry and could quote it at length; also sport. From early on, his physical health was not good and grew steadily worse. He was a great speaker with a marvelous voice and immaculate sense of timing. He was also a sparkling journalist, as his stint as editor of *The Spectator* revealed after he refused to serve under Home.

Yet he was undoubtedly ambitious for the premiership and, as Shepherd points out, could be devious and calculating. Shepherd perhaps attributes too many of the unsigned articles in *The Spectator* to Macleod himself. I know because I was there. When he wrote his most famous article of all on the Tory magic circle, I suggested that we should put on the cover simply "What Happened" by Iain Macleod. "That'll do," he said. Then he chuckled and added quietly: "Well, some of that happened."

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The days of a maverick

J.D.F. Jones recalls the life and times of a great eccentric

mystic ("a religion of atheism" said his friend Bertrand Russell), supporter of Indian independence, philosopher, crank, and (Mr French's most delicate discovery) the passionate 76-year-old lover of Madeline, Lady Lees, with whom he published a marriage manual and to whom he wrote, "The

YOUNGHUSBAND: THE LAST GREAT IMPERIAL ADVENTURER
by Patrick French
HarperCollins £20, 440 pages

woman in you makes great appeal to me and rouses all the most manly in me. You are a remarkable illustration of the essential Creative Spirit of the World..."; he thought Lady Lees might be the Messiah he had had a cold and unhappy marriage.

Well might the biographer ask, after 300 pages, "Was he barking mad?" To which the answer must be, not quite. Younghusband was a product of post-Mutiny Anglo-India and Clifton (where he acquired a lifelong friend in Sir Henry Newbolt and a habit of cold baths, which he continued to indulge at 20 degrees below in the Karakoram). The young Army officer with an Evangelical background and an interest in Buddhism began to have mystical experiences in the high mountains, and his colleagues must have been aware

that a certain instability might accompany the compulsive risk-taking and extreme physical stamina as the colonial phase would put it, he tended to "go bush".

He made an early name for himself on a crossing of the Gobi Desert and then as a young participant in the Great Game, in the remote region where Russia, China and British India met. It was Younghusband who, when sent to tame the Mir of Hunza in 1899 - "I knew that he was a cur at heart, and I have no doubt he was impressed by my bearing" - encountered the Tsar's forward agent Gromitchevski, he deliberately mis-directed the Russian, almost to his death, an episode which surely must have inspired the scene in *Now, though Mr French does not mention it.*

The subsequent career was by no means smooth. Younghusband only got the Tibet expedition in 1903-4 because he was a chum of Lord Curzon. Mr French enjoys telling the story of this last round of the Great Game, without forgetting that the invasion was an unnecessary failure - the Viceroy and Younghusband sincerely believed that the Russians were in bed with the Tibetans, and were wrong. The advance on Lhasa was never intended by Balfour's government, and Younghusband, not so unfairly, was to be a scapegoat.

That should not have surprised anyone: Younghusband was usually out of his depth in the world of diplomacy, whether in the Himalayas or in his mysterious, and still obscure, involvement in the Jameson Raid in 1895 Transvaal. Ninety years on, with the Chinese more than ever the imperial masters of Tibet, that useless British exercise looks even shoddier, less justifiable than ever.

There is one serious flaw in this enjoyable read (apart from the inadequate maps, whereas the photographs are good). Mr French has chosen to tell this splendid tale in the framework of his own recent travels in the region "to follow his trail". There is surely something - well, immodest about this in the context of such superb human exploration. *Who cares about the young Mr French's stopover impressions of Kabul Airport? Who cares that he failed to follow the route of the 1903 invasion, failed to find the letters to the adored Mrs Douglas, fell ill in Calcutta, and overindulged his own minor skirmish with the Indian Army in Sikkim?*

But to set against this we have a frequently happy turn of phrase - for example, of the west's fascination with the east, "conquest and wonder dancing hand-in-hand" - and an eye for the apt quotation, as when Younghusband writes to a married lady he fancies, "You would make a splendid Colonel of a Cavalry Regiment if you were a man...". Those were the days.

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ARTS

Land of natural born censors

Nigel Andrews on the postponement of Oliver Stone's controversial film, *Natural Born Killers*

In a recent interview in the New Yorker film-maker Oliver Stone mused on the O.J. Simpson murder case. "The line between thinking murder and doing murder isn't that major," he said. "Isn't that the point of *Natural Born Killers* anyway?"

Our censor certainly seems to think so. Using the excuse of caution in the run-up to next week's Criminal Justice Bill, he has put Stone's new movie - which was due to open in three weeks - on indefinite hold: presumably in the belief that showing it might help those with murder in their minds to get it out on to the streets.

A story of two young killers on the rampage, Stone's film is already a cause célèbre in its native US, where people refer to it familiarly as "NBK" (from the director who brought you JFK).

Several murders supposedly influenced by the film have been planned to its charge sheet. Original

screenwriter Quentin Tarantino disowned Stone's reworked script, saying it turned the spotlight away from the satirised media circus on to the luridly depicted couple themselves (Woody Harrelson, Juliette Lewis). And Mario Vargas Llosa broke jury purdah at last month's Venice Film Festival to curse the movie publicly and to help ensure that it won the Special Jury Prize rather than the Golden Lion. Hardly a wooden spoon even so.

Now NBK may become the first high-profile, prize-winning feature film to be banned outright in the UK. For a film journalist this has been a bizarre week. Two days after rumours broke last Sunday of

censor James Ferman's move - or rather decision not to move on the overdue certification - I rang the distributors Warner. Their press office said NBK would open as normal, on November 18, and that I must disregard all groundless reports.

Two days after that, the rumours had several feet of concrete under them. And we who oppose censorship on a more or less across-the-board basis had another 10-ton controversy coming towards us.

Natural Born Killers is not a masterpiece. In the US it was not even a popular masterpiece. After opening strongly it fizzled out, making about \$47m (£28m). Any film-goe

ken to be deprived or corrupted had to negotiate the alienating impact of Stone's style in the film. And yet that style - or cut-up multiplicity of styles, as if from the brain of an intellectual who has overdone on MTV - gives the film its one claim to distinction.

In a matter of seconds the same scene - even the same shot - is presented in colour/newsreel-style black-and-white/home-movie video/slow motion/fast motion. There are surreal back-projections; there are subtitles lantern-projected on to characters' bodies during a dialogue scene with Indians.

Most bizarrely - and for me effectively - a flashback sequence of

Lewis's abused childhood is presented as broad sitcom, complete with canned laughter and comedian Rodney Dangerfield as Dad.

This not only debunks any hint of solemn special pleading on the character's behalf, it adds to the sense that Stone's film is less about the killers themselves than about the multitudinous ways we re-process - and trivialise - true-life tragedies and horrors in the age of tabloids and wall-to-wall TV.

The film has at least a glimmer of serious intentions. But that will not stop the usual haying for film-makers' blood of those who see movies as incitement rather than insight in times of trouble and violence. For me, those in the UK who

favour screen censorship - which has a stronger hold here than in almost any other western democracy - are in the same ideological cul-de-sac as those who favour state subsidy to our film-makers. They think that victory comes through lack of struggle: that moral arguments are won by never having them, just as prosperity is won by never having to earn it.

Should children be protected from violent films? Probably they should. (Ergo: certificates). Should the mentally unstable be shielded from violent films? Of course they should. Should the adult, sound-minded population be held to ran-

som by these sectors of society, so that none of us can see and debate the controversial works? Of course it should not.

But the UK is a tight little island with a siege mentality towards its culture and morals. We are natural born censors. This goes all the way from the protectionist nationalism of our attitude to our film industry - we believe the world owes us a living - to the throttling of free and informed debate on movies like *Natural Born Killers*, by withholding the movie itself.

We have had no full explanation from the censor on why he has singled out Stone's film. He himself has poured scepticism on the "copycat" factor by referring to last year's *Child's Play* (a false furor). The pointless martyrdom visited on *Natural Born Killers*: it delayed certification turns into a ban, may end up enhancing not diminishing the film's reputation.

Searching for space in outpost by the sea

William Packer surveys the Tate at St Ives

The Tate Gallery at St Ives, a new and not exactly unobtrusive building by Evans and Shalev on the site of the old gasworks overlooking Porthmeor Beach, was opened to the public last summer amid much local bally-hoo. Why should Modern Art be imposed so heavily, and so expensively, on an old fishing town that was used to artists but these days depended upon tourism for its livelihood? Would such money not be better spent on a leisure centre, or a swimming pool?

Protests were made, meetings held: and now we have something of an answer. The scheme was argued on a projected annual attendance of some 70,000 visitors. This target was reached within months. The full year achieved a total well over 200,000. More to the point, with tourism so seasonal and St Ives shying up shop for the winter, attendance ran to above 80,000 through the winter months. The seasonal orthodoxy has been confounded.

That said, however, the Tate itself does face certain problems. Purpose-built as it is, the building was never designed to cope with so many people. And

once inside, the galleries seem surprisingly few, and rather small. The view over the beach may be spectacular, the cafe delightful, the bookshop full, the loobies even generous in proportion to the rest. But has not space been wasted, just a bit?

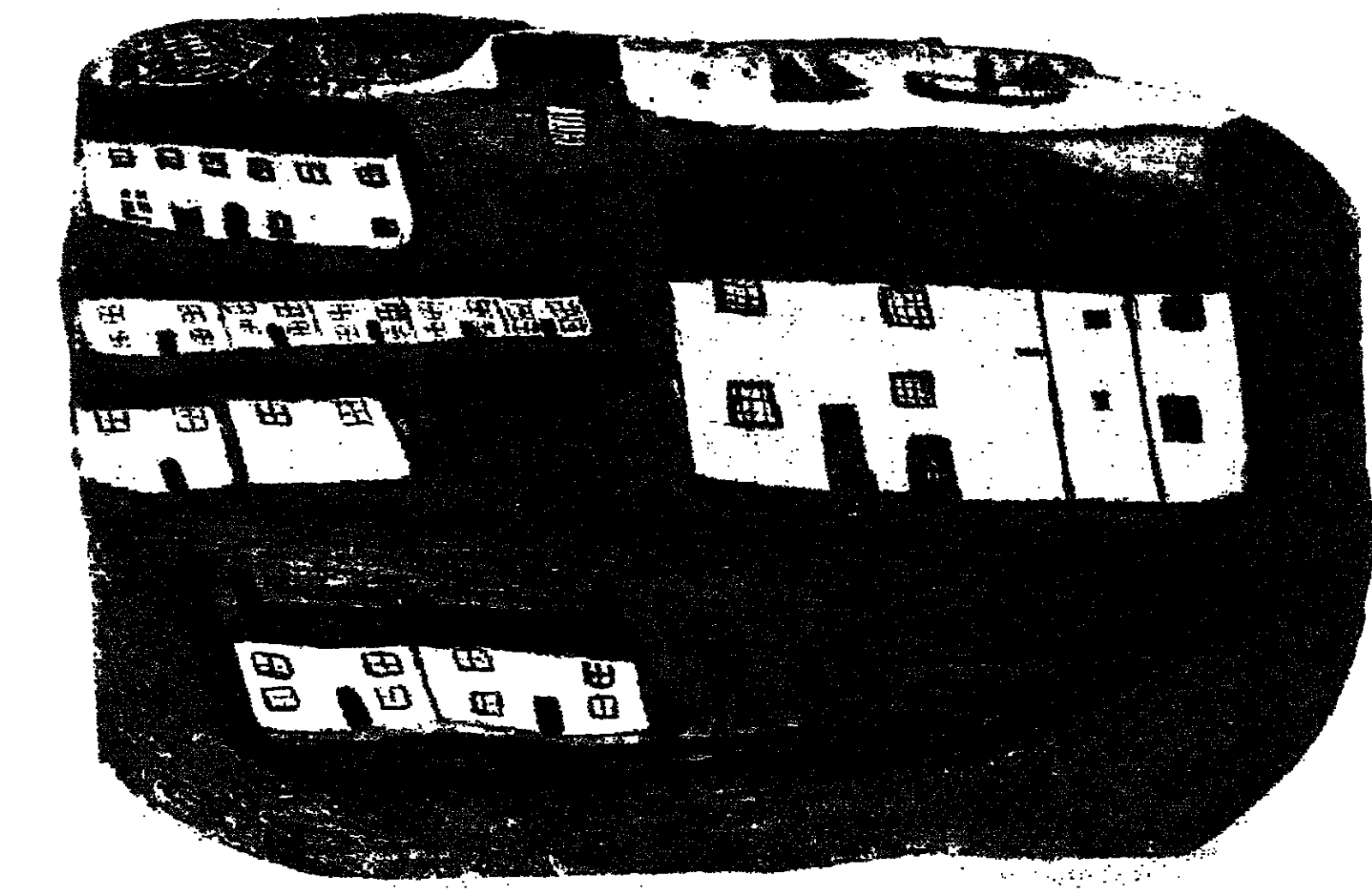
In fairness it must be said that such questions are being addressed as exhibiting policy evolves beyond the first plans. This time more works have actually been hung. And while the concentration on the later modern artists of St Ives itself - on from Ben Nicholson, Christopher Wood and old Alfred Wallis in the late 1920s - is clearly not to be given up, it is never to be dogmatically exclusive. That, with Newlyn and its turn-of-the-century painters only six miles away, would be merely perverse.

But there is another nettle to be grasped. The Tate was never going to offer any permanent display of the St Ives artists in Cornwall, for to do so was not possible in the restricted space, nor desirable in what must always be an outpost. What is given instead is a rolling programme of displays, each treating on a given aspect of the subject. Yet what is the distinction between the imper-

manent study display and the temporary exhibition?

For these new displays, chronology is given up and the five galleries devoted each to a separate theme: The Penwith Landscape; In the Studio; Private and Mythic Narrative; Observation and Abstraction. The fifth, and the only one called a study display, is in fact a small exhibition of Peter Lanyon's two "Generation" series, made in the late 1940s after his return from the war. Both are figurative, one more mystical with its chalcids and still life, the second directly founded in the coastal landscape of West Penwith and Porthmeor. Together they shadow the larger and abstracted expressions of the sensation of landscape that characterised Lanyon's later work.

Apart from what it tells us of Lanyon, this little show makes the point that so focused an exercise carries a disproportionate weight. The Tate at St Ives is perfect for the coherent temporary exhibition of medium size, which is not the same as the current run of displays through the remaining galleries. With them the sense is rather of the hanging of sympathetic work first, and the naming of it later. It is not a



Alfred Wallis's 'St Ives', circa 1928, showing at the Tate at St Ives: each room holds remarkable and beautiful things

question of size, but only of purpose and concentration. Even so, each room holds remarkable and beautiful things - Paul Feller's abstract rockscapes and the Alfred Wallises in the first room, Margaret Mellis's anemone in the

second, Frost and Heron and Scott in the fifth. And the grievously under-rated Karl Weschke's dark, drowned body on the beach, in the fourth room, would grace "The Romantic Spirit in German Art" now at the Hayward, had

the organisers but the wit to know it. Downstairs, in the entrance lobby, is a monumentally lumpy sculpture by Peter Randall-Page. He is the most distinguished stone-carver of his generation and quite at home

in the town and spiritual company of Barbara Hepworth. The London show of his latest carvings, "Secret Life", massive pods of granite split to reveal their carved insides and looking magnificent against the Thames at Reed's Wharf,

has a week to run.

The New Displays: Tate Gallery St Ives, Cornwall: sponsored by Intercity. Peter Randall-Page - Secret Life: Reed's Wharf Gallery, Mill Street SE1, until November 5.

Putting a fresh twist on Beethoven

Andrew Clark on a controversial conductor who likes his players to take risks

An unusual musical partnership takes to the stage in London and Birmingham over the next two weeks: Nikolaus Harnoncourt will conduct the Philharmonia Orchestra in two cycles of the Beethoven symphonies. Harnoncourt is the pope of historically-aware performing practice in continental Europe. The Philharmonia represents the modern symphony orchestra par excellence.

Harnoncourt has been hailed as one of the most original and dynamic interpreters of classical repertoire, celebrated for his ability to make people hear familiar music with fresh ears. Well-known to recording cognoscenti in the UK, he has been a rare visitor to London. The Philharmonia concerts are his first encounter with a British orchestra - one which helped shape a previous generation's knowledge of Beethoven through its concerts and recordings with Otto Klemperer.

Just how easily the Philharmonia will absorb Harnoncourt's ideas is the subject of

much speculation in London's music establishment. Whatever happens, the results are unlikely to be dull. Harnoncourt's Beethoven is worlds away from the traditional approach. He favours shorter, more eventful phrasing, rationed vibrato, sharply-defined timpani and horns that rasp like their valveless antecedents.

He is equally far from the opposite pole of "authentic" music. He has never conducted Beethoven with a period-instrument ensemble, his dictum being that the player is more important than the instrument. He drives Beethoven's allegros with blinding intensity, but unlike Roger Norrington or John Eliot Gardiner, he introduces subtle inflections of tempo. The result is a marriage between historical rigour and the need to project and re-

vent the music for today.

Harnoncourt, a Berlin-born Austrian, made his name as a specialist in baroque and early music, but now spends most of his time with conventional orchestras. Those who have worked with him speak of his instinctive feeling for the music, backed by extensive study of contemporary sources. Francis Hunter, who played oboe in Harnoncourt's Mozart cycle at the Zurich Opera House, refers to "his ability to slot into the gut level of each piece and convey what is meaningful and expressive".

Harnoncourt spent 17 years as a cellist in the Vienna Symphony Orchestra, so he knows what it is like to sit listening to conductors. "He has answers to why he wants things done in a certain way," says Dane Roberts, a double-bass player in the Chamber Orchestra of

Europe, with whom Harnoncourt has recorded the Beethoven symphonies. Harnoncourt, 64, is less forbidding in conversation than his platform manner would suggest. He speaks good English and is accompanied everywhere by his wife, Alice, an experienced violinist who acts as his agent.

His biggest triumphs in recent years have been at the Salzburg Festival: cold-shouldered during the Karajan years, he has become a fixture of Gerard Mortier's programme, and will conduct *Le nozze di Figaro* next summer. His present repertoire ranges from Purcell's *Fairy Queen* to Bruckner's Third Symphony. He acknowledges numerous blind spots, including Gluck, Berlioz, Mahler and Strauss, but has late Verdi and Berg's *Violin Concerto* in his sights.

Central to Harnoncourt's understanding of Beethoven is what he calls the musical rhetoric - word-like units of phrase which grew out of the connections between music and language in the baroque and early classical era. "Composers a generation after Beethoven would laugh at the idea," he says. "Beethoven drew on the same musical vocabulary for 30



Nikolaus Harnoncourt: dynamic

years of his life - words, figures, formed from a handful of notes - and used them in a rhetorical way. Is the musical speech a continuation of the previous phrase or a response to it? It's important that the players know, because his music tells you something - it's on the verge of programme music."

Harnoncourt dismisses the idea of musical authenticity. He says that even when orchestras play with period instruments, they are realising their idea of sound from a 20th-century perspective. "Musical

interpretation changes with every generation. Each laughs at its predecessor and believes it is closer to the will of the composer. I do all the repeats in Beethoven's symphonies, but 30 years ago it was not the done thing, and in another 30 it will be different again. It is like changing fashion."

One reason why the field of interpretation is so wide is that Beethoven did not always make his final intentions clear. Harnoncourt says the autograph scores are different to most composers of the period, "because Beethoven did not correct them - he gave them to a copyist and corrected the copy. The parts were printed before the full score, so he corrected the parts. You cannot even say the last source is the will of Beethoven, because he changed a work like the Fourth Symphony for certain performances. You have to make a lot of judgments yourself."

At the same time, Harnoncourt is determined to root out modern accretions, such as the trumpet's "note of victory" in the first movement of the *Eroica*. "Orchestras today play a note which was not written by Beethoven. You could say the theme is not complete

without it, that the trumpet player of Beethoven's time were not good enough, so let's add it. I think Beethoven included the failure, just as he asks the sopranos in the *Missa Solemnis* to sing a note that's too high for them. He wanted their faces to be blue and the voice to crack - this is part of the composition. A hero likes to show only his heroic side, but what Beethoven does is to show that after all, the hero is a failure."

He dismisses the argument that if Beethoven had had access to today's instruments, he would have adapted the parts accordingly. "Then he would have written everything differently. The limitations of the instruments were a source of inspiration. We don't know what Beethoven would have done with the instruments of today - geniuses always do

things differently to what we expect. I don't agree with the retouching that goes on. I don't change a note."

Harnoncourt also questions modern trends in orchestral sound, saying the American-led drive for technical perfection puts the emphasis on security at the expense of beauty. That is why he encourages brass players to experiment with the old valveless instruments.

He describes beauty as "something to do with unevenness - it's changing all the time, there is a bit of dirt in it, it's not pure. If you have a group of semi-quavers and you play them absolutely equal, it's sterile."

"For me, the most beautiful instrument lies at the edge of catastrophe. I prefer risk - I like a musician who makes a mistake because he risks too much."

The Harnoncourt/Philharmonia Beethoven cycle begins at London's Royal Festival Hall tonight and Birmingham's Symphony Hall next Thursday.

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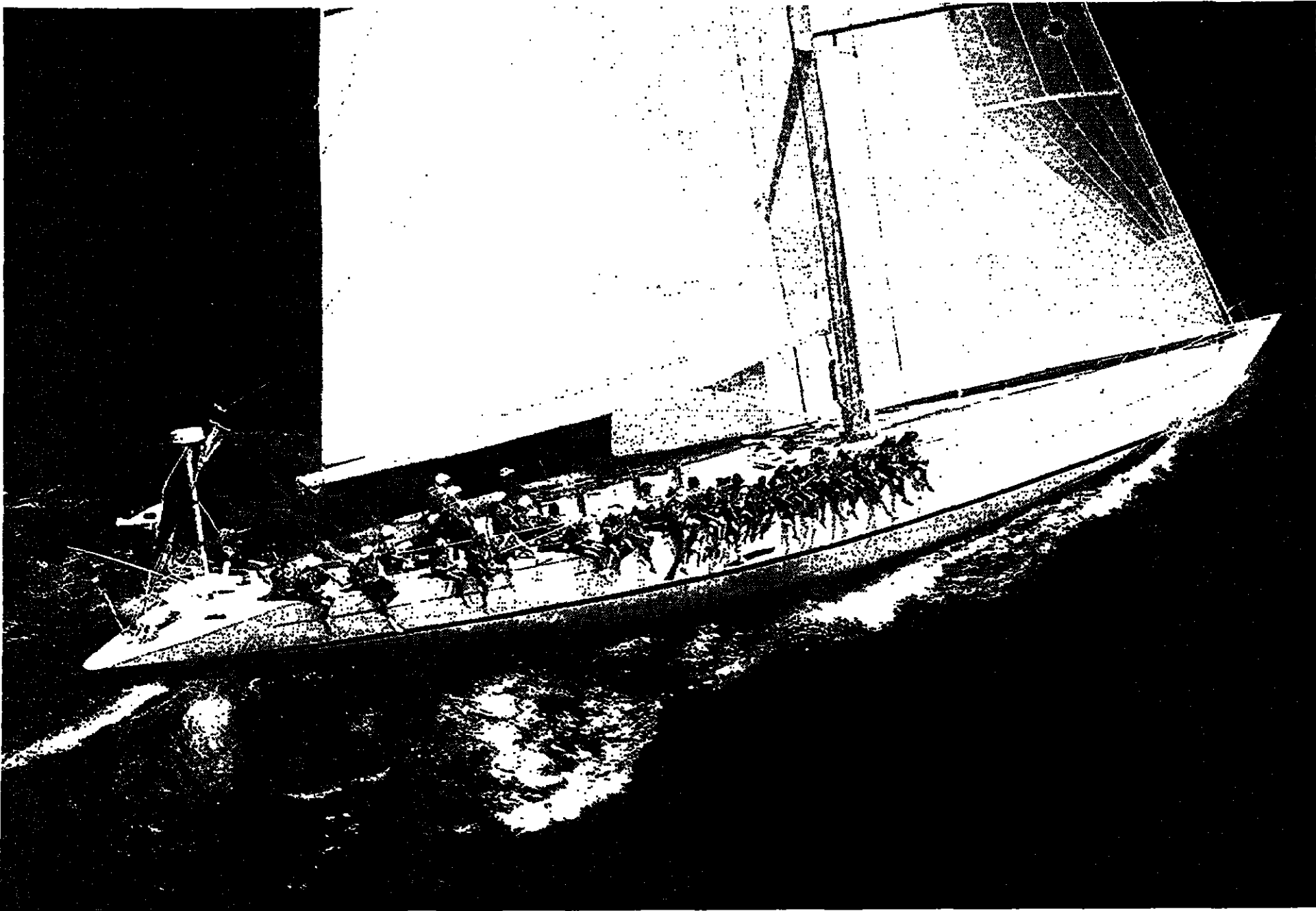
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Sailing

Sparring begins in San Diego

There are lots of comparisons going on in San Diego right now. Men versus women. Wide against narrow. The occasion is the International America's Cup Class world championship. Most of the teams that will compete in the Cup itself, beginning in January, have a boat entered in this "check-out" regatta, so-called because of the opportunity to check out the opposition prior to the main event. Intense interest is focused on the all-women crew sailing the America's yacht *Kanza*. It is the first time at this level of sailing that women have raced against men in a world-class event. Initial fears that a deficit in body strength would handicap "the Cubettes" seem to have been wrong. "These boats aren't terribly physical. It's about talent and mind-games," said Dawn Riley, one of the afterguard and the only women aboard *Kanza* with previous Cup experience. Olympic gold medals and world championships abound among the other 15 crew.

America's, funded and sailed by energy billionaire and amateur

yachtsman Bill Koch, walked away with the Cup in 1992. Koch admitted to having spent \$70m on the programme, much of it on high-technology R&D rather than training and technique. His designers produced yachts that were long, narrow and heavy when compared to the opposition. They were also much faster.

Two of the new generation of IACC boats built since then will be racing this week; *oneAustralia* and the Japanese entry *JPN-30*. It will be fascinating to see the extent to which they have followed the hull design trend started by Koch's technical gurus but far from universally believed in by the opposition.

Koch's presence is largely a consequence of a dispute with IRS officials. His 1992 campaign was via a not-for-profit foundation which gives considerable tax benefits to the donor, in this case Koch. The IRS told Koch that his tax-breaks depended on continued involvement in the Cup. Putting women on the boat began as a snook-cocking exercise aimed at the taxman but has unintentionally proved an inspired move in terms of sponsorship and media coverage.

Papers such as USA Today, hardly known for its yachting, have been giving a great deal of coverage, consumer companies which make products for women have been keen to provide support, and the television networks cannot get enough onboard footage of the Cubettes.

Among the more traditional participants, none has attracted more atten-

Keith Wheatley looks at the intrigue surrounding the Americas Cup regatta

tion than the Australian challenger John Bertrand, head of *oneAustralia*. Bertrand, skippering the wing-keeled *Australia II*, took the Cup away from America in 1983. It was the first victory by a challenger in 133 years, the longest home-run in international sport. Since then Bertrand has done little sailing, concentrating instead on a business career. It may be that his business contacts

helped him to put together a complete \$30m sponsorship package, largely supported by Phillip Morris, while other challengers struggled in the customary financial mire. Bertrand has his first new boat racing this week, with a second being built. That is proving his undoing. *OneAustralia* has a design co-operation programme with the rival Australian campaign funded by Sydney property entrepreneur Syd Fischer. All four boats will be drawn by the same "think-tank" in which each group has shares and board members.

Every other Cup team is up in arms. They believe that this arrangement drives a winged-keel through a cost-control agreement ratified after the 1992 Cup. This limited competitors to two new hulls. Although a 75ft carbon-fibre canoe body need cost only \$1m or so, the research underlying each new hull may cost 10 times that.

So, if Fischer and Bertrand are working as a single team, they might greatly increase the effectiveness of their research and build three prototypes where everyone else can build just one.

It looks certain to become a matter for the international jury convened to administer the Cup. The US courts have already become involved. If Bertrand's new boat proves fast this week, the already sharpened knives will be out and flashing.

On the defender side, the dominant figure of Dennis Conner will be on the water doing what he does best: learning everything and giving away nothing. His *Stars & Stripes 91* is the oldest boat in the class and is scarcely competitive. Yet with a new yacht due for delivery in mid-November, and talent such as Paul Cayard to augment Conner's 20 years of Cup experience, one should never underestimate him.

No one will be able to miss the Russian chartered entry from the St Petersburg Yacht Club. For reasons not yet clear the old *Il Moro I* has been repainted with a black hull and yellow decks and mast by her new crew and renamed *Vok Rossi*. Since the New Zealand challenge is choosing to miss the regatta for tactical reasons, at least there is no risk of the Ivans being mistaken for the All Blacks.

Cricket/Simon Hughes

Tourists at work

A winter cricket tour three months in the Caribbean or four travelling around Australia - sounds like an agreeable way of spending the English winter. How nice it must be to bask in the sunshine in T-shirt and shorts, warm waves lapping your ankles, beside you a cool beer and a copy of the newspaper reporting the doom and gloom back home. Occasionally you play a little sport.

Reality is not quite as easy for members of the England touring party, apart from the doom and gloom back home bit. Yes they may have island hopped round the West Indies from January through to April, then this month embarked on their 16-week tour of the Great Outback but no they have not been to any beaches or even caught a whiff of a pina coloda.

Well, that is not quite true. When the team eventually left Antigua in mid-April this year at the end of a hard-fought test series, there was a day set aside for sun, sea, sand and the rest of it. "Before that," said the fast bowler Angus Fraser "all we'd seen was hotels, airports and cricket grounds. A fortnight in Jamaica may sound fantastic but it's not if you are stuck in run-down crime-ridden Kingston and more or less imprisoned in your hotel by security guards."

The 1994-95 Australian tour lasts 116 days, but only six of these (including Christmas Day), are completely free of matches, travelling or practice. There are 20 internal transfers across three time zones leaving little opportunity or energy for exploration. Most will return with no more knowledge of Australia than when they left.

Your heart is still probably not bleeding for them. But tours are much harder than they used to be because of the speed of transport and the advent of one day international, which are played to excess in Australia. The players do not necessarily help themselves. They are notoriously unadventurous, preferring to lounge around hotel swimming pools in their England tracksuits hoping to attract the attentions of other, preferably female guests, rather than venture further afield.

There are exceptions. Derek Pringle and David Gower disappeared off into the bush with their zoom lenses (during tours of India private jets or distinguished travel guides materialise miraculously for international cricketers) and Bruce French, the wicketkeeper, climbed mountains.

In the main though, overseas tours are routine, neatly summed up by the title of Frances Edmonds' book about the last England tour of Australia which was called *Cricket, XXXX, Cricket*. On match days

in Australia, the Sheraton hotel breakfast will be eaten in the room at 7.15am (players usually double up as much for economy as team spirit); the team bus will leave at 8.15, though Phil Tufnell usually keeps it waiting. Repetitive warm ups are scheduled for 9am (England endured 99 of these sessions during the West Indies tour) and the game starts at 10am, although one day games often begin an hour earlier. At the 6pm close of play a crate of beers is brought to the dressing room and rapidly drunk. Then the players head back to the hotel for a wash and brush-up before dinner. Most are in bed by 10pm.

During a Test the dressing room floor gradually disappears beneath the clutter of bats, boots, pads, sweaty clothes and other paraphernalia that spews out of the players' kitbags. Hauling these around continents is an ordeal. In some countries there is help. Govind has looked after the kit of teams touring India since 1949. At night he sleeps with it in the dressing room, resting his head on a pair of pads. "I haven't lost one bag in 45 years," he says proudly.

Sometimes the players are hard to keep track of. John Embury sailed a windsurf board out to sea in the Caribbean, but could not turn it round and had to be rescued by lifeguards; Mike Gatting, captain at the time, missed the warm-ups and arrived 20 minutes after the start of a match at Melbourne in 1986 claiming his alarm had not gone off. Allan Lamb disappeared into a Queensland casino 80 miles from the Test ground; and then there was Gower's infamous impersonation of a first world war pilot.

The leading stars in any side are wont to go it alone, leaving everyone else in their wake. Younger players stick together, which on this England tour means almost everyone except Gatting (37) and Gooch (41). If that pair - Gatting has discovered fitness - keep up their habit of turning up for practice an hour before everyone else, they will be sick of the sight of each other by February.

The fringe players have the worst deal, apart from the wives, who are usually only "allowed" on tour for a couple of weeks. Once the big games have begun, the reserves trail from ground to ground with little prospect of being involved in the action, nothing but a handful of enthusiastic boys to practice with and little time off in case there are sudden injuries in the camp. It is hard work, but even so, I would rather be playing for England in Australia, than watching them on television in the British winter.

Rugby/Derek Wyatt

Pros crack the code

Rugby league has overshadowed union this week, with the British Lions beating the Kangaroos in the first of three tests.

At Wembley last Saturday, the English rugby league team, with one notable exception, beat the Australian rugby league side 8-4.

The notable exception was the match winner, a Welshman, not any Welshman, but former union hero Jonathan Davies.

His try just on half time came when Great Britain had been reduced from 13 to 12 men after their captain, Shaun Edwards was sent off for a tackle so high and so dangerous that Edwards was lucky the referee did not award a penalty try. Had he done so, the match - and almost certainly the series - would have been lost.

Frequently in team sports, victory is not decided by the strategy of a brilliant coach or his equally brilliant players but by the split second action of an individual. Edwards' stupidity nearly cost his side the game.

Nearly.

Davies, at full back, and entering the line at the edge of the field, took the ball on half way, sold an old-fashioned rugby union fly-half's dummy and, because a league defence lacks the cover of the 15-a-side game, had only one defender, the fullback, Brett Mullins, to

take on. Ten metres out Davies thought he would be caught and looked for support but it had evaporated - testimony to his pace.

Davies made a split-second decision. He realised he had to find overdrive, a gear everyone else thought he had been in for the past 40m.

"Try" went up the cry and even members of the press stood to give Davies a standing ovation. The euphoria that swept Wembley could be smelt for minutes afterwards.

Great Britain's win ensures full houses at Old Trafford and Leeds. But while the game may never have been in better spirits on the field, all is not well off it. Next year, Britain hosts the world championships. There is still no title sponsor nor for that matter any sponsor of any description. Rugby league does not want another competition sponsored either by cigarettes (hooray) or alcohol. It wants to occupy the territory currently occupied by its arch rival, union.

There is very little chance of that.

Meanwhile, in Cardiff, rugby union finally kick-started its international season, (the Romania v Wales and Wales v Italy World Cup play-off games had been a side show). In a dismal game, Cardiff succumbed to a very ordinary South African side, now to be known, after some hesitation by the ANC government, by their old name, the Springboks.



Split second of glory: Jonathan Davies stretches away from Brett Mullins to give Great Britain a winning lead against Australia at Wembley

The four home unions are organising a professional circus, to take place after the third world cup next year.

Fouroux has only four fixtures agreed but he does have television and sponsorship deals in place. Hardly surprisingly, the games will be played in South Africa. The only complication is that he has no players.

The home unions have lost the arguments. As Vernon Pugh, chairman of the International Rugby Football Board, put it: "The IRFB has been 10 years behind the game. This has to change".

As it is, the professional code is infinitely better as a spectator sport. The game is harder and faster. It is simpler to comprehend. Every player needs to be able to give and take a pass. The trick for each side, on the surface a simple one, is how to break down one line of defence.

Quite the best thing that has happened to the laws is that the opposing side must retire 10 metres rather than five after

a tackle. It is this that has added an extra dimension to the tactical part of the game.

The Australians use a huge variety of plays. They are masters at running off the ball. They do it at such speed and with such intelligence that I would not hesitate to conclude, with two more tests yet to come, that these professionals are the finest collection of athletes I have seen in this country.

At the bi-annual IRFB meeting in Vancouver 10 days ago, the world's governing body refused to make a decision on Pugh's report on the opening up of the game.

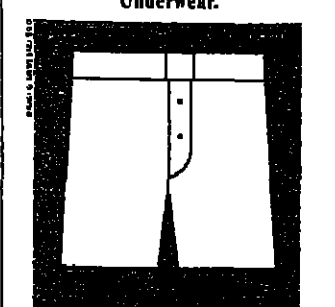
"As I see it, what the Australian Rugby Union already has in situ, is what we need to adopt throughout the world. No payment at club level; appearance money for games played at provincial level and for our best players to be salaried," he said.

Going properly "open" would of course mean that rugby union and rugby league play-

ers could play either code at international level.

Union might try, each season, to contract every potential international player to stop them playing the other code. But, even if this was legal and I doubt that it would be, players would be able to move between the two codes.

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OUTDOORS

Fishing / Tom Fort

The day we found El Dourado

To be able, on a marrow-chilling February day, to tell your chums "I'm fishing in Brazil next week" is a pleasure of rare deliciousness. To be ignominiously humiliated by the expressions of envy writ large on their faces.

So there I was, in a rather natty straw hat and duff shorts, white legs and arms and neck shiny with sun cream. I was feeling pretty pleased with myself as I poured cold beer down my throat and surveyed the surging half-mile breadth of the Parana river, down near the Paraguayan border.

I had a companion on this adventure. In his field, he has something of a reputation as a fierce and combative interrogator and mangler of public figures. But I found him a jovial soul and have decided to forgive him for exposing me to ridicule in his account of our expedition. For one thing, it would be

beneath my dignity; for another, he has a nice bit of trout fishing in Gloucestershire.

Before we started I did my best to demolish notions of my angling proficiency. But neither Edward, our host on the Parana, nor Jorge, our dark-skinned, gleaming-toothed boatman, would take any notice. And my companion - who, for the sake of convenience, I shall call "P" - persisted in harping on about it.

The only way to rid myself of the slur was to display thorough and constant uselessness - which I did.

We had come in pursuit of the great fish of the Parana - the dourado. I knew something about it,

having read old books by Englishmen who had paid visits 70 years and more ago to do battle with it. They called it the Golden Salmon, although it does not look like a salmon at all. It is, however, a most magnificent fish: its fins, tummy and head deep gold; its broad flanks spotted with black; its wide, predator's mouth bristling with teeth.

Those Englishmen of olden days went after it with spinners, and many were the epic encounters they had in the surging currents of the colossal Parana.

I had thought, vaguely, that we would spin, too - or even fish with fly - and had brought with me rods

and reels lent by Hardy Brothers which would, I hoped, suffice. But the river was 15ft above normal and mud-brown. Perforce, we had to follow local practice. This involved impaling a slippery, eel-like creature called a morenita on the hook, with a large weight above. This was then hurled upstream from the boat and zoomed downstream with the current. The theory (sound when practised efficiently) is that the bait bounces along over the rocks until seized by a rapacious dourado.

Ab, the rocks. What a multitude of those we hooked and failed to land. "P" would stand at one end of the boat, red-faced under his green

baseball cap. I would be at the other, smirking at his discomfort, then cursing as I became hooked up. Between us were Jorge and Edward, grinning at our antics.

Our performance was, on the whole, pathetic. But we did catch some fish. "P" caught a piranha, which was appropriate, and some small dourado. I hooked one decent one, which took the bait with such violence that my multiplier reel over-ran and jammed. The fish got off and everyone, apart from me, laughed.

Edward, taking time off from *schadenfreude*, caught a tremendous 28-pounder which, roasted whole, made a memorable feast. It

was maddening, but it was also the greatest fun. The beer, the heat, the river, and its forest, the comforts and hospitality afforded us, the companionship - all were ample consolation for the failures. But, always, the thought nagged at me: we should not be fishing this way, we should be spinning.

By the last day, the river had dropped and cleared. We trailed our baits around without joy, then headed for base. As we did so, Jorge spotted dourado slashing at the surface near the shore. I rigged up a spinning rod while he edged in towards them. Using a large copper spoon, I hooked four - and lost them all. The last, announcing

itself in a great golden boil, bent my Hardy rod like a horse-shoe and broke a 20-pound line like cotton.

It was the most exciting half-hour of my fishing career, a glimpse, both tantalising and agonising, of what might have been. But if I try again, I shall know what to do. I shall go in November or December when the water should be right.

I shall take a rod capable of quelling a shark, with line to match, and copper spoons with single, extra-strength, extra-sharp hooks.

I shall, politely but firmly, wave away Jorge and his horrible, siltmy morenitas. I shall, most assuredly, catch the fish of a lifetime. And I shall be very modest about it.

Tom Fort's trip was arranged by Dourado Sports Fishing, 72 Glenholme Rd, London W6 0LR, tel: 081-553 1983, fax 081-503 2230, with the help of the Brazilian airline Varig.

Gardening / Robin Lane Fox

No excuse for a dull autumn

We have had the most marvellous days for autumn colour: the field maples have been the most brilliant yellow in every farm hedge; in which these trees are planted. I have been trying to see them in context with an outsider's eye, with this result.

For six months of the year, marooned wives, harassed weekenders, and financiers who really do want to create something more than a paper muddle, engage in a constant battle to weed their flower beds, swap round their plants and colour-plan their borders. Their aim is to grow as many flowers as possible, arranged to look like heaven on a golden evening.

They start to ease off in October, whereupon trees, shrubs and many border plants turn to colours of a brilliance which flowers cannot equal. Gardeners, though, are still fussing about the last few blooms on their roses, considering that autumn's other colours are for park-owners and farmers - but not for them.

There are excuses, of course. "How can we give up space for something which lasts for just a fortnight? The garden is too small. Autumn is too muddy. We have enough leaves to rake up already. The best place to see colour is in somebody else's arboretum. When we are more organised, we really must try to go to Westonbirt. Once you have seen the fall in Vermont, you do not want to bother with Sussex on a wet afternoon..."

I disagree. Once again, the agapanthi have turned a brilliant yellow while the white rose blanc double has started its third season, turning yellow to make them. Anyone with acid soil, good trees or a euonymus has added an extra fortnight to a season which flower

gardens cut short.

Admittedly, you need the right euonymus. In a smallish garden, the answer is *E. albus compactus*, the winged form with branches that will have spread only about 3ft high and wide after several years. Two or three of them stand well against the front of a shrubbery, woodland or lightly-shaded hedge.

They turn to the most amazing shade of scarlet, equalling anything in flower, and grow steadily almost anywhere. They are cheaper and less susceptible to drought or lime than the small Japanese maples which gardeners seem to prefer. Red Cascade is a bigger alternative. It is twice as large and not so bright but set with masses of red fruit.

On acid soil, there is no excuse for a dull autumn among the declining azaleas. A few bushes of the easy enkianthus go a long way unless you like bell-shaped flowers in a dullish white during high summer. This weekend, they are something else: a flaming mass of red which saves their reputation in a sudden finale.

Again, they are not large plants. I like to see them behind the smaller azaleas with a bush or two of the sensational *disanthus* behind them, perhaps to one side. Although its flowers are negligible, this larger shrub has leaves shaped like hearts which go to the colour of deep claret and crimson in slight shade wherever an acid soil is not too dry.

Higher up, on any soil, it has to be parrotia, a Persian tree which is surprisingly lime-tolerant but likes to spread widely. It looks superb in rough grass if two plants are spaced out in isolation: you can train the central stem into a tall leader by supporting it

on a tree stake, persuading it to make height which parrotias otherwise avoid for spread. Behind it, at a distance, you can put the upright ginkgo biloba as a narrow, vertical contrast. I wish our town councils had planted this urban tree as widely as in New York or Seoul. Ginkgos turn the most brilliant shade of yellow all over those curious leaves, which look like a webbed little hand.

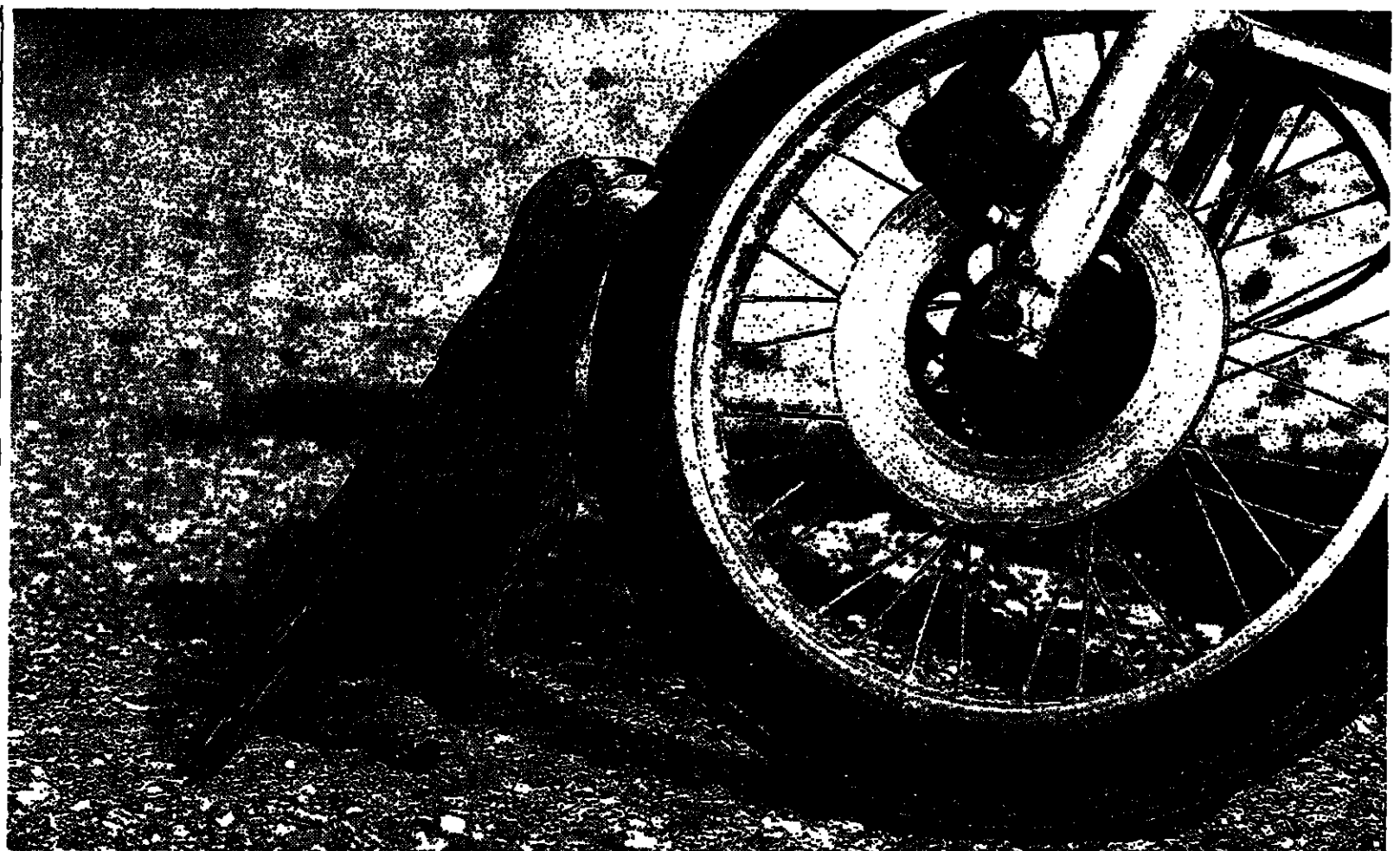
People worry that they grow too slowly to be worth planting as a boundary, but I notice that one of the best sources of unusual autumn trees would disagree. The Bluebell Nursery of Blackfordby, Swadlowcote, Derbyshire, lists all sorts of varieties and indicates their probable size after five years. It estimates that a ginkgo would be eight to 12ft high by then.

The supreme advantage of a ginkgo is that, although an extremely old tree, it thrives in our polluted cities.

In its place, many authorities have preferred the coarse and stiffly-shaped *malus*, which is now called Bonfire, or one of the more common types of flowering *prunus*. It is always worth considering the autumn colour when planting a *prunus*, or flowering cherry, but the prettiest in flower and leaf are not always the best known.

This weekend, I am being pleasantly surprised by the upright, single white *Umenko*, which has such elegant leaves of a fresh, lively green and such pretty white rounded blossoms in spring. I have never known it turn such a magnificent shade of red. Its only superior is more famous for the autumn season: another single white of great distinction called Korean Hill.

Either of these trees would make superb specimens on the boundary or towards the back of the lawn of a smallish garden.



A kea at work: ski resort staff would cheerfully shoot these clowns of the mountains

Jean-Paul Ferron

FT Ski Expedition / Arnie Wilson

One ski in the grave - but no parrots

Arnie Wilson and Lucy Dicker are trying to ski every day of 1994 on a round-the-world trip. They are in New Zealand.

I have joined New Zealand's One Ski in The Grave Club. Although one is supposed to be 55, when I applied for membership for Nigel, my skiing chum in Hampstead, London, they made an exception for me. At 50, I am old enough to qualify as a veteran.

However after an exhilarating day's helicopter skiing in the Harris Mountains (Lucy's first full day of heli-skiing) I feel it may be some time

before both skis are entombed. We thrived in excellent corn snow on Roller Coaster and Gold Mine Ridge and found good powder on Twin Falls.

We also landed on the spectacular Tasman Glacier in a Pilatus ski-plane. While the skiing was undemanding, the scenery - not dissimilar to the Vallée Blanche in Chamonix - was superb. Bob Monro, our guide, even led us through tunnels in the huge ice-falls, and on one occasion we took off our skis and climbed into a series of tomb-like ice-caves in a huge crevasse.

Meanwhile we have become the latest victims of New Zealand's unique Alpine Parrot, the Kea. This comical bird - which waddles and hops its way around every ski area in South Island - cannot resist sinking its sharp beak into anything malleable. Ski gloves, cardboard caps, picnic leftovers, or - in our case, rubber clips on our ski-rack - the Kea will go for it.

Sometimes there is no escape. The official archives of Mount Robert recall that even in the primitive alpine lavatories, "with a large gap above the door, the occupant would invariably be subjected to 'Charlie' Kea's beady eyes as it hung upside down from the

roof. Should the door be accidentally left open, it would be seen flying off trailing a huge streamer of toilet paper."

At Porter Heights, one of these clownish birds got inside a lift operator's rucksack and ate his sandwiches while he was standing, oblivious, a few feet away. More seriously, Keas frequently gnaw their way through rubber seals on

car windscreens and rip off the insulation around electrical components on ski lifts.

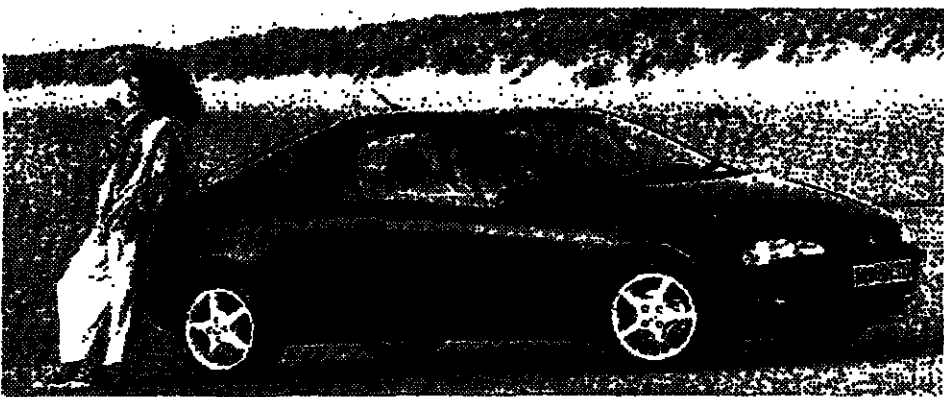
Many ski resort staff would cheerfully shoot them, but this would result in a hefty fine. Recently a European tourist was heavily fined for trying to smuggle Keas out of the country in tubes stuffed with his trousers. They are said to be worth £50,000 to collectors.

All cars - well, almost all cars - are so good nowadays that it is perfectly sensible to choose them on their looks, size and price. There is no point worrying too much over the purely technical features: most drivers neither understand nor want to know about them.

That being so, I predict a bright future for the Vauxhall Tigra coupé (an Opel on mainland Europe). This little 2+2 is so pretty that it cannot fail to turn heads.

Motoring / Stuart Marshall

A looker with loads of style



So pretty: Vauxhall's Tigra is a smash hit with women - but turns men's heads too

The Tigra is related closely to the Corsa hatchback and was seen first as a styling concept at last year's London Motor Show. The public responded so enthusiastically that, months (rather than years) later, it was rolling off the assembly line.

The Tigra goes on sale in the UK in mid-November priced at £10,995 for the 1.4-litre and £12,995 for the better-equipped 1.6. But there is little to tell them apart; even the engine size is not indicated, to please the insurance companies and keep premiums down.

The main external difference is that only the 1.6 has a standard sun-roof, larger-diameter alloy wheels with wider tyres, and body coloured bumpers. For the extra £2,000, buyers also get anti-lock brakes, twin air-bags (rather than just one for the driver), electrically-adjusted door mirrors, fog lamps, and a leather-covered steering wheel. Power steering is standard on both models.

Already, the Tigra has proved a smash hit with women, and Vauxhall expects a majority of buyers to be female (as they are for the Tigra's only competitor, the Honda Civic coupé, which costs £10,500 with manual gears and £11,870 as an automatic). But when my wife and I stopped our Tigra in a dusty

square near Barcelona a few weeks ago it was the men who gathered round. They admired its lines, asked how fast it went, and preened with pride when I told them it was made in Spain.

So I disagree with those who take one look at the Tigra and half-dismiss it as a "woman's car". I see it as having a simi-

lar appeal to the old British Motor Corporation's frog-eyed Sprite, although it is light years ahead of that dreadfully crude and uncomfortable two-seater of a generation ago.

Both Tigra models are entertaining to drive. Their engines combine ample pulling power at low speeds with a willingness to spin quickly, and the

five-speed gearbox has a sweet shift. There is no automatic option yet but that is on the way.

Which to buy? I would go for the 1.4. It rides better than the squatter 1.6; yet, on winding hill roads, it handled just as nimbly and securely. Outputs of the 1.4 and 1.6 engines are not all that far apart (90 compared with 106 horsepower), performance differences are fairly trivial, and either model should reward a sensible driver with at least 40mpg (7.6/100km).

The small boot's capacity is doubled by folding the back seats (which Vauxhall admits are really for under-12s) and head room is restricted. Parents of young children may have trouble strapping them into the back of a Tigra. (I find fixing our grandchildren's safety seats difficult enough, even into good-sized, four-door cars.)

I cannot see many Tigras being bought as sole transport for households with small children. But it must appeal strongly to men and women in their 20s - and, I suspect, to empty-nesters more than twice their age. Vauxhall's forecast of 4,000 British sales this year could be over-modest.

Please go easy on diesel, Mr Chancellor

Kenneth Clarke, Britain's Chancellor of the Exchequer, warned a year ago that excise duty on motor fuel would go up by at least 5 per cent in his next Budget - due at the end of November, writes Stuart Marshall. In plain English, that could mean up to 18 pence a gallon - or 4p a litre.

That figure could, however, be a great deal higher - perhaps almost double. It depends how strongly the government is convinced that the best

way to curb atmospheric pollution is to reduce vehicle mileage, and that the best way to achieve this is to put up fuel prices.

But would it work? Italy has some of the most expensive petrol in Europe; but if high pump prices have persuaded Italian motorists to leave their cars at home, or moderate their driving habits, it hardly shows.

The most obvious causes of exhaust pollution in big towns are lorries, buses and taxis powered by old - and

often ill-maintained - diesel engines. Because most diesel cars in use are fairly new, their individual contribution to the pollution total is minute.

This is acknowledged widely by industry experts. But modern diesel cars get tarred with the same brush as the stinking old smokers.

In general, politicians seem remarkably ignorant about diesel cars. ("I know taxis have diesel engines but are there really diesel cars?" one junior minister said to me, straight-faced and

quite serious, only a few years ago).

Will the diesel car get a square deal this time? I doubt it. In the past year, there has been too much ill-informed comment on diesel vehicle emissions.

All one can really hope is that things stay as they are and that the chancellor does not take fiscal steps to slow down the growth in diesel car sales. But even with the fuel taxed at the same level as unleaded petrol, we diesel car-users know we can drive at least 20 per cent further on every litre.

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PROPERTY

Cool and controlled: that's how to create a best cellar

Rosalind Russell finds demand from oenophiles remains solid

As an object of desire it is temperamental, can suffer from alarmingly expensive ailments, and is rarely a thing of beauty. But wine-lovers are a patient breed and, to them, a cellar is to be prized, cajoled and indulged - especially as it might be protecting a considerable investment.

Since three men were jailed earlier this year for the systematic theft of £2m worth of fine wines held in bond, a private - and secure - cellar has become even more attractive. BBC *Food and Drink* television host Oz Clarke and the Marquess of Bristol were among the victims, but the ripple of shock must have rattled cellar glassware across the land.

"A lot of people ask: 'Has the house got a cellar? Because we have a lot of nice wine,'" says Colin Swait, of estate agent Hamptons. "Most people seem to keep their wine under the stairs these days. But there are still those who buy wine to put down, so the cellar is an advantage."

Max Robertson would not live in a house without one. The voice of radio tennis until he retired nine years ago, Robertson lives in the Old Manor, a Grade II-listed Georgian house owned by Patricia Savill in Aldbourne, Wiltshire - which is now on the market

through Savills, the agent, which is seeking offers of more than £1m.

Almost immediately after they moved in 2½ years ago, a programme of restoration was put in hand. Included was an electronic cooling system installed in the 20ft by 8ft cellar to maintain a constant temperature for his wine collection. An emergency generator provides back-up in the event of a power failure.

He points out: "If you have nice wines - and I'm not saying mine are the greatest - it is worth keeping them well." Indeed, he says a suitable cellar was a prime consideration in moving to Aldbourne - although his previous homes in the Channel Islands and Wandsworth, south-west London, both had temperature-controlled cellars.

"My present cellar can hold between 3,000 and 4,000 bottles," adds Robertson. "I don't say it does have that many, though - a lot has been drunk."

Apart from the obvious charm of the six-bedroomed manor, with a conservatory running the full length of the back of the house, the cellar has provoked considerable interest. "I have to say that all the people who have come to view the house have thought it is fantastic," says Patricia Savill. "And it wasn't expensive to put in - just over £25,000." The



Offers of more than £1m are being sought for the Old Manor at Aldbourne, Wiltshire. Among its attractions is a temperature-controlled wine cellar that can hold up to 4,000 bottles

wine racks are not included in the sale but a buyer will get an artist's studio, garden cottage, garaging for four cars and a walled rose garden.

Among other country houses with wine cellars now on the market is Berden Hall, which is being sold through Bidwells for £975,000. Six miles from Bishop's Stortford, Hertfordshire, it is grade II*-listed with eight bedrooms, staff cottage and flat, and just over 15 acres.

Apart from its wine cellar, it has an indoor pool, billiards room, flood-lit tennis court, squash court and stable yard. The wine cellar is next to a secondary cellar housing the boilers.

"The trouble with a lot of

cellars is that people found it convenient to put their oil-fired boilers in there when central heating was installed," says Swait. "It can ruin the cellars for wine. But temperature-controlled cellars are an investment."

When the Swaits bought their own house in Surrey, it had brick barrel vaults full of empty Dom Perignon bottles. They turned their cellar into a kitchen. "Some people fill them in with rubble to cure a damp problem," he says. "To take on a cellar can be an expensive business if you have to sterilise the lot to deal with dry rot and then seal it."

"A tennis court is still a bigger attraction than a wine cel-

lar, especially to people with daughters. A tennis court keeps them at home and stops them wandering."

Ian Homersham, joint chairman of John D. Wood, adds: "Your better London house would normally have had a cellar with bins in the basement. A lot have been destroyed because people opened up the basements and now use them."

Where water tables preclude an underground wine cellar, home owners often dedicate a ground floor room as a wine store.

One family who bought a house in East Anglia planned to return such a room to everyday use as a dining room. When they picked up the keys

and arrived at their new home, they found the doorbell and the knocker had been removed. Once inside, they realised everything else had been stripped, too. But there was a happy ending.

As Andrew Hay, of Knight Frank and Rutley, tells it: "When the family began to refurbish, they discovered the bins at ceiling height in the wine store had not been emptied. They were full of vintage claret and port. The family sold it for a fortune - enough to pay for the work."

■ The telephone number for Link Up Properties Nationwide, featured in last week's article, Matchmaker selling, is 01444-457899



For £975,000, Berden Hall, near Bishop's Stortford, also has a wine cellar

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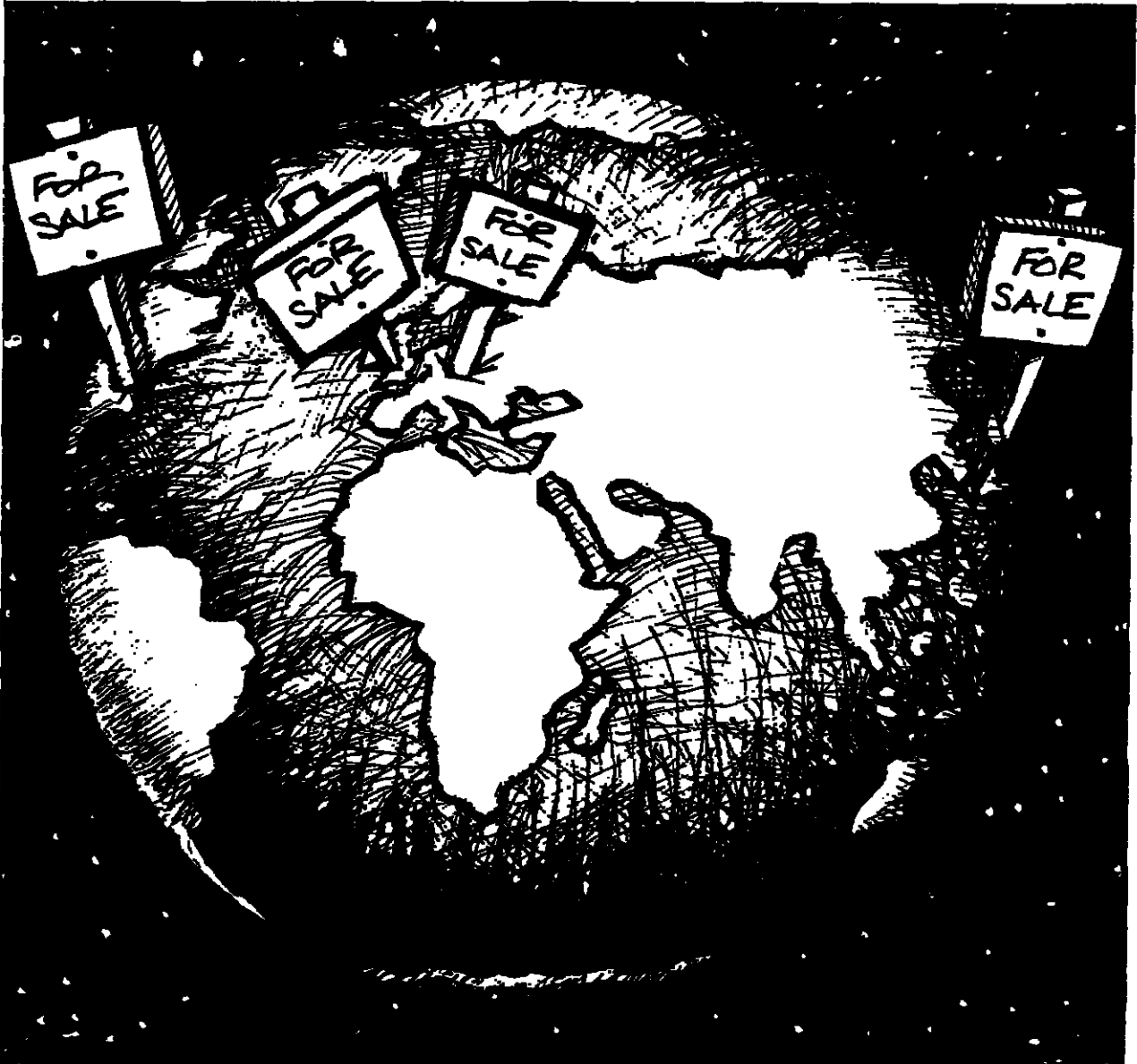
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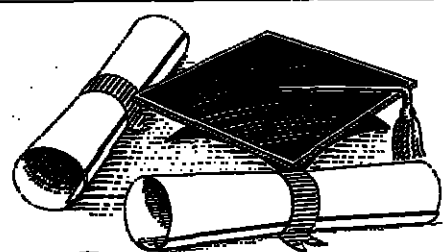
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FOOD AND DRINK

Cooking/Philippa Davenport

The oyster's in the post

Today's brightest shopkeepers do not wait for customers to come to the high street - they go out and knock at their doors. They have discovered that sending catalogues and offering a mail order home delivery service can be a most effective way of increasing business.

Kitchenware merchant David Mellor is one of the latest recruits to this way of thinking. He has always been happy to send items to customers by post, but this month sees the launch of his first mail order catalogue for cooks. Very enticing it is, too.

Others keeping up with the times include Franco and Alberto Camisa. Having sold specialist foods in Soho, central London, since 1923, they now aim to sell nationwide via Camisa Direct. Their first catalogue sports some obvious gift items and some very un-Italian oddities, but it also includes goodies worth putting in the larder for winter comfort.

There are, for instance, whole San Felino salami and little nibbly caciocavallo salami; stuffed pigs' trotters; capers packed in salt; baskets of dried porcini; arborio, carnaroli and violone nano risotto; soft amaretti from Alba; and dried figs from Calabria, stuffed with walnuts and dipped in chocolate.

For those without a fishmonger in miles - a problem that seems to afflict vast tracts of Britain these days - Carew Oysters of Pembroke, Wales, is one of several companies now farming and dispatching the Pacific variety to private customers and restaurants all over the country.

So far as I know, however, Carew is alone in offering a "deliver and open service" where, if you plan a large party and want to splash out, a professional will bring the shellfish and open them personally.

Many people hate the thought of eating beef from cattle stuffed full of growth hormones or other indiscriminate medication. But farmers growing cattle the slow, traditional way on grass and hay only are on the increase.

Newest to me is Richard Vines, of Wild Beef. He raises his animals - mainly Welsh Black and South Devon, occasionally Aberdeen Angus, Hereford and Galloway - on Devon moorland and has them slaughtered locally by appointment for minimum stress. They are hung properly and well-butchered.

Since Wild Beef is essentially a one-man operation, Vines' service can be more personal than most. Sometimes, he will

deliver the meat direct to the individual customer, depending on whether this works in with his timetable for restaurant deliveries in the same area. Otherwise, it arrives by overnight courier.

Wild Beef sells not only prime cuts and mince but also skirt, shin, oxtail, tongue, kidneys, liver and heart - items offered only rarely by outlets of this sort.

Those with a sense of adventure will relish news of the Cool Chile Company. Owner Dodie Miller is dedicated to promoting chillies as more than just volcanic spices - and she is quietly persuasive.

Mexico State University recognises more than 1,000 varieties and Miller sells a splendid selection, each variety dried and labelled with a heat scale warning. They are accompanied by enthusiastic notes about uses and suggested recipe ideas.

Under her tuition, I tried a few choice samples, ranging from fruity mild to positively breathtaking. But even those cooks afraid to experiment with chillies will delight in the colours and shapes of some of them.

If you fancy becoming a food producer - albeit just for your own needs - you might like to consider buying a do-it-yourself shiitake mushroom grower's kit imported from Finland by ESC.

This consists of a small, spore-impregnated log packed in its own little Perspex greenhouse environment. Expected yield is a kilo of shiitake mushrooms spread over four crops. No green fingers are needed.

J. Sainsbury, meanwhile, has just started to sell fresh wild grilles and grey chanterelles. Ceps (porcini), plectils de montagne and trompettes des moines will follow shortly and more will be introduced in the spring.

The bad news is that - initially, at least - just seven stores in London (Camden, Chiswick, Cromwell Road, Dulwich, Fulham, Ladbroke Grove and Hampton St Claires) and one in Southampton (Hedge End) are to stock them.

David Mellor Mail Order: 4 Sloane Square, London SW1W 8EE. Tel: 071-730 4253, fax: 730 7946; Camisa Direct, PO Box 31, Borehamwood, Herts WD6 3TF. Tel: 0181-307 5212, fax: 935 1232; Carew Oyster Farm, West Wiltshire, nr Carew, Kilgetty, Pembrokeshire SA63 0TN. Tel: 0646-681452; Wild Beef, Hillhead Farm, Chagford, Devon TQ13 8DY. Tel/fax: 0647-433433; The Cool Chile Co, PO Box 5702, London W10 6WE. Tel: 0973-311 714; ESC (UK), 9 Crescent Rd, Wokingham, Berks RG11 2DB. Tel: 0734-893097, fax: 893096.

Wine/Edmund Penning-Rowell

A great vintage rained off

During the summer in the Bordeaux region conditions were perfect if not for yet another "Vintage of the Century" at least for the producers of one of the vintages of the decade.

The vine flowering at the end of May was early and swift, although the outcome was on the small side. But it was quality not quantity that was urgently looked for.

June was cool, but July with a little rain, and August were relentlessly hot, especially in the first 10 days of August. The last three weeks enjoyed heat-wave temperatures of 26-29°C (82-84°F) with occasional storms: perfect for the month that traditionally "makes the flavour".

The *veraison* (when the grapes change colour) in the first 10 days was unusually early. The bunches were smaller than last year, but the grapes were bigger.

Haut-Brion picked its very special white grapes on August 31 and started its reds on September 10 - one day after the Ban de Vendange that officially permits the red wine picking to begin. A first-growth director said he was going to make "a superb 1994".

Everything was fine until September 7 when some not very significant rain fell, but

fate struck on September 12, and it rained for the next four days, washing away the prospects of a great vintage.

The dates for picking varied according to local conditions. This is the largest fine-wine area in the world. It may be raining in Pauillac but sunny in Pomerol. The general starting date this year was September 19, and the finishing

date September 22. Among the leaders Châteaux Margaux picked from September 14-22, with Cheval-Blanc in St Emilion from September 15-30, Vieux-Château Certan in Pomerol from September 12-24, Pichon-Lalande in Pauillac from September 17-23 but had to speed up as the ripe grapes were falling off the vines while Mouton-Rothschild began on September 19, stopped owing to rain on September 22, and re-

started on the 28th with 800 pickers to finish on October 1.

So what are the likely results? The dry white Graves picked before the heavy rains in the first week of the month made excellent wines, but very small in quantity. The Sauternes and Barsacs that waited until the end of the month, and completed picking in the first 10 days of October made successful wines, but those that did not delay suffered badly.

For the reds, only a provisional assessment is possible before the vats are emptied after the fermentation. However the general view is that the 1994s are better than the 1993s, whose reputation has been steadily rising, and whose prices probably will.

Colours are deeper, the grapes are riper and the alcoholic degrees higher. I sampled a variety of wines, mostly Merlot, that had finished their fermentation and was impressed by their colour and sweetness. It is a Merlot year because picking is usually earlier on the right bank of St Emilion and in Pomerol. Professor Ribereau-Gayon, head of the Oenological Institute of Bordeaux University has been quoted as saying that the Merlots are "homogenous". The laggards are usually the Cabernets Sauvignons, but owing to the exceptional summer a good



A quick byter: modern diners' orders are tapped into a Remanco hand-held computer and transmitted at once to the kitchen

Chips with everything

New technology is transforming the traditional kitchen, writes Nicholas Lander

Scene 1: A London restaurant. The customer gives his order to the waitress who enters it on a hand-held computer. Thirty seconds later the customer changes his mind but the waitress replies "I'm sorry, sir, the order is already in the kitchen."

Scene 2: Late at night in the chef's office. Having placed all his orders for tomorrow's deliveries by fax, the chef sits down to finalise plans for a special gastronomic dinner. He plugs into CompuServe and seeks advice on recipes from fellow chefs around the world.

Scene 3: takes place wherever food and wine lovers have a computer and electronic mail. Looking for the most romantic restaurant in St Louis? Want to trade some Chateau Margaux? Forgotten the name of that wonderful Australian Pinot Noir you drank recently and need to find a retailer? The world of food and wine, always international, has gone electronic.

Until the late 1980s most restaurants could not justify such investment. Computers were introduced slowly and proved themselves by legibly transmitting recipes around the kitchen. Then came fax machines to make ordering

from suppliers easier (it is always worth taking a restaurant's fax number to confirm that important lunch).

But the need to cut labour costs, maximise efficiency, monitor stock controls and improve accounting information has changed all that. Now even the Ribz's dining room, possibly London's most elegant, boasts an electronic point-of-sale terminal, albeit neatly encased in marble.

One restaurant made possible by today's technology is Wagamama, WC1 (tel: 071-680 9365). This basement restaurant serves the most interesting inexpensive Japanese food in town and takes no bookings. It seats 104 but feeds 1,200 customers a day.

It manages to do so because when it opened in 1992 it paid £25,000 for a Remanco ordering system (today's far more advanced version costs £15,000). These begin with the electronic order pad (they cost £290 each) which can be programmed with everything a restaurant can offer - size of steak, how it should be cooked, even whether the customer qualifies for an incentive scheme such as a happy hour.

When the order is complete, the waitress presses the "send" button and the order is trans-

mitted by radio signals to a computer which stores all the information, backs it up and sends the separate elements to the various sections of the kitchen. Seconds later the order is printed out. At Wagamama small strips of paper spew out at the bar, noodle station, wok station and the station that prepares the side orders. The chef picks these up and gets to work.

The advantage is not just speed of service but accuracy. Fewer specialist order takers have to be trained and there is a much lower risk of customers being served with a dish they did not order or being charged for something they never received.

The system can fail. Twice in the past hectic 30 months Wagamama's system has gone down and the restaurant has had to resort to pen and paper. It is linked by modem to Remanco's headquarters so

that a failure can be tracked down and corrected remotely. More fundamental are human oversights. One kitchen thought lunch was quiet when at 1.15pm it was still waiting for its first order. The printer had run out of paper.

This type of electronic ordering generates huge amounts of management information: how much money each seat generates, how many customers each waiter serves, a breakdown of all the dishes sold and whether new dishes on the menu sell or not.

And it is flexible. At Wagamama the philosophy is to deliver as quickly as possible and keep turning the tables. At other restaurants which want their staff to try and maximise a customer's spend, known in the trade as "upselling", other plays are introduced. When the waiter asks the console for the bill it responds "Have you offered cigars and liqueurs?"

At Rules, WC2, (071-836 5314) the chef can communicate to all the waiting staff just how many grouse, partridge or pheasant, are left and save the embarrassment of having to ask the customer for a reorder.

One wonderful piece of technology I saw in action in the US over the summer was shown for the first time in the UK at this week's Restaurant Show. It is the Silent Faging System. When you arrive at a restaurant and find either that there is no table or your table is not ready, the receptionist hands you a small disc which you put in your pocket. When your table is clear the waiter sends a radio signal to the receptionist and she in turn presses a button which starts the disc vibrating in your pocket. Having enjoyed a short stroll, a drink in the bar or done some shopping, you walk back to find your table ready and waiting.

At Rules, WC2, (071-836 5314) the chef can communicate to all the waiting staff just how many grouse, partridge or pheasant, are left and save the embarrassment of having to ask the customer for a reorder.

Read the menu in cyber space

If your soufflé will not rise, someone in cyberspace can help.

The Internet, the global computer network, lets you link up with people of the same interests, via mailing lists or news groups. You send a message to sign up and receive the news and opinions of other members of the group.

"Foodwine" is one of the two main lists for gourmets. "The purpose is for serious, but not pedantic, discussion of food, beverages and related concerns," says Elliott Parker and Musa Knickerbocker who run the list from Central Michigan University.

"Consider the list as a discussion around a very large table among people who like to discuss food: the talk may become passionate and even off-topic sometimes, but always returns to the topic." When I dropped in, a discussion of Zinfandel wines was in progress.

Another list is the "eat-I", where everyone airs their views on how this or that dish should be cooked. Rachel Karan in Alaska was having problems with her chicken soup which was too salty. Suggestions poured in: add canned broth, giblets and so on. Lars Larsen from Sonderberg, Denmark offered 2,000 words on chutney recipes and then 7,000 on cranberry dishes.

In cyberspace you never really know whether the advice is from an expert or a well-meaning neophyte. So on "rec.food.restaurants" a posting of "I'm off to Greedy Gulch next week. Where can I get some decent food?" will elicit replies from opinionated locals with whom you cannot remonstrate if their recommendation turns out to be a greasy spoon.

The list tends to be US-dominated. Asked to recommend somewhere in Soho, London, Glen Poorman from Michigan suggested Wong Kei, a Chinese restaurant better known for shovelling customers in and out quickly than for its chow mein. "Packed house, incredibly rude waiters and low prices," enthused Glen, "but awesome food!"

Nick Lander

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If it is true that we are witnessing the beginning of the end of the car culture, then be sure that it will not go out without an explosion of blown gaskets and a few righteous puffs of blue smoke. For hell – or the M25 – hath no fury like a motorist, surrounded by traffic cones, juggernauts and rapid environmentalists, being asked to pay more for the "privilege" of using his or her car.

This anger is not so hard to understand. Bizarrely, taking a car out for a spin has come to represent one of the few expressions of personal freedom left in a world of increasing uniformity and staidness.

Perhaps only the historians of the 25th century will be able to tell the story with the necessary degree of detachment; how strapping your-

One last drive to the end of the road

The car has smoked itself to death. Peter Aspden laments the passing of a furtive pleasure

self into a confined space for a couple of hours came to symbolise the ultimate in liberation from modern life's quotidian drudgery.

But such are the claims made for car culture. Listening to a mournful radio phone-in following the report of the Royal Commission on Environmental Pollution, which had the temerity to pronounce that Britain's road-obsessed transport programme was unsustainable, it was as if we were being asked to sacrifice the most inalienable of our rights.

Well, I like a whirl in my Alfa like the next man (and, my goodness, what a boy's world it is). But the man ringing the radio station from his mobile telephone in the middle of his traffic-jammed route to central London must surely have realised how absurd he sounded when he talked, like an old trucker, of "the freedom of the roads".

In truth, the romantic view of car culture, the world of throbbing engines, hair-raising curves and consummate clutch control, is fast

dying on its wheels. There is not much fun to be had in driving today's bland, sanitised cars; indeed, to talk of a "culture" at all is to evoke a whimsical image far removed from the belching slow reality of the average city vehicle, power-steering (what a mocking misnomer) its way at 7mph into another gormless queue.

Car designers have realised this. After a brief spasm of "supercar" madness in the 1980s, they have settled into their more pragmatic briefs of producing neat, small, effi-

cient cars for the 1990s.

Advertisers, ahead of the game as always, have plucked out a series of neat, small, pretty girls to promote these otherwise charmless items. Nicole, in her oh-so-wicked fling through the Provencal countryside, is the future of car culture; sleek, surreptitious, a bit on the side, like a quick drag on a Gauloise.

Soon, cars will become so naughty and so compact that we will deny that we possess one at all, only to disappear for a couple

of hours to a concealed entrance, like the launchpad of Thunderbird Two, for some serious clandestine pleasure.

Of course eventually, no one will be able, nor feel the need to drive because we shall have a perfect public transport system. But we shall just sit there, on a specially-painted double yellow line, challenging the world at large to come and give us a ticket if it dares! It will be the quintessential free thinker's act of civil disobedience, recalling a world when the bound-

aries of state power were drawn well beyond the twinkling horizon of the next service station.

In the meantime, we are stuck with what we have got: too few roads, too many fumes, tempers fraying and time running out. When they all come together, as they presently do if you are trying to drive into Heathrow Airport, for example, they represent the very opposite of freedom, the flip-side of culture, the most appalling example of over-consumption and stress mis-management you could ever hope to see.

Political will is at last catching up with the public perception that the cost of the motorist's freedom has simply grown too high to bear. It is time for all of us, macho boys and furtive girls, to grow up.



Private View/Christian Tyler

A sanitary worker in the gene pool

Genetics has had an ugly history, dating from the days when theories were built on a naive interpretation of Darwin – or pure prejudice – rather than on scientific knowledge.

Today there is a great deal more knowledge and the promise of medical breakthroughs. But there is also, says Steven Rose, a danger that bad old thinking will be revived while irresolvable ethical dilemmas are being created.

Professor Rose is a biologist of the brain who studies memory by teaching day-old chicks (they learn fast and don't need telling twice), then opening up their brains to see what has been going on inside.

He is probably better known, however, for the clarity of his popular science writing (*The Making of Memory* won last year's Science Book Prize) and better still for his campaign against what he calls the "neurogenetic determinists".

By this he means the people who, in a world desperate for simple explanations and instant cures, claim the answer lies in the genes.

I asked him: are you saying their claims are wrong, or merely premature?

"Some are premature, some are right, some are wrong," he replied. "But in all cases I would argue they are being grossly oversold and overhyped."

He went on: "Although all of us use the phrase 'genes for...' as a shorthand, of course there is no gene for anything in this sense."

"What a gene does is code for a particular protein not a piece of protein. People talk about genes for blue or brown eye-colour. In fact many thousands of genes go to determine the pathway which ends up with a blue or brown eye-colour. What's different between people with blue eyes and brown eyes is that one of the genes along the pathway is different. So it's a gene which helps determine a difference, rather than a gene 'for' something."

It sounded like a distinction without a difference until Rose explained that even "single-gene" medical disorders can adopt many forms, while their severity depends on all the other genes in the system. Rose is saying that the

answers provided by molecular biology can only be partial answers. Organisms – especially human beings – need to be studied as a whole.

"Genes are one-dimensional, while the organism is four-dimensional and we don't go from one dimension to four in a very simple way," he said.

Gene-sequencing was a skilled but repetitive business quite divorced from the organism in which the biochemistry was going on.

"That really worries me as a biologist, as an educationalist, quite apart from the politics."

"It was Jim Watson (co-discoverer of the DNA double helix) who said that it was so simple it could be done by a team of monkeys... It wasn't me who said that," he laughed.

Even supposing a clear causal link between gene patterns and medical conditions, what was to be done with the knowledge? Suppose you could

quencies were mistaken for causes, methodology was elevated into a philosophy.

If there were gene markers which tallied with the experience of being homosexual, that was "an interesting observation," he said. "But it doesn't account for the nature of homosexuality in society, it doesn't provide an explanation of the meaning of homosexuality or a statement of how we should treat it."

In the US, where the homicide rate among 16 to 19-year-old males had doubled in 10 years, they were worried about violence.

"I say as a scientist there is no conceivable genetic explanation for that doubling. It's stupid to look at genetics. We should look at the guns, or the social conditions which foster violence."

Rose is a materialist with no time for supernatural explanations. But he is a materialist

was for a while anti-Fascist organiser for the association of Jewish ex-servicemen.

With this kind of *curriculum vitae*, it seemed fair to ask him whether his criticism of molecular biology is, at bottom, emotional.

"Some of the questions being asked have the appearance of being scientific, but are not," he said. "In other cases it is desperately important to get the right answer – the causes of schizophrenia, for example. But studying the genetics of schizophrenia is not the best way of doing it."

"I'm not against doing it. But I am in favour of assembling research priorities, and our priorities have to be set in a social context. People say \$3bn for the human genome programme is trivial. But to shift funding away from research into the whole organism is I think a mistake in priorities."

Is it that politicians do not understand biology or that biologists are highly political people?

"Oh, I think that all scientists are in that sense highly political. You have to argue for funding. You go where the money is."

I reminded him of a letter he and his wife wrote to the Guardian earlier this month protesting about a "provocative display of authoritarian police power" at the last demonstration against the Criminal Justice Bill.

The professor laughed ruefully, but remained unabashed. "My whole life has been a passionate concern with two things at the same time," he said. "One is to understand the world and the second is to change the world where I see what I believe to be injustices. Science is a way of doing both."

We discussed the revival in the US of the debate about IQ, race and class, a touchstone in any genetic debate.

Rose said it was a fallacy to think that IQ was a fixed property. Intelligence, like memory, was not "a lump of something" and the IQ test was a variable device useful for particular purposes.

"If you say that IQ is fixed in the genes then you have an ideological defence of the status quo of a society divided by wealth, poverty, class, race and gender and you offer the possibility of spurious technological fixes."

Are you not politically predisposed to believe that people of all races are born on average equal?

"What I am scientifically predisposed to do is to reject the concept of race in the genetic sense as having any real meaning."

Race clearly has a great deal of social relevance. What defines it in contemporary society has very little to do with genetics. That is, the gene distribution and gene frequencies between any two 'white' individuals are as different as between any white and any black individual."

Rose does not believe in arguing about nature versus nurture. His ambition is what he calls a "synthetic biology" in which different levels of explanation, from the molecular to the social, are conjoined. I asked him if he had any sympathy for the so-called anti-science movement.

"Because western science has insisted on this rigidly reductionist approach it does prevent us understanding the richness of human experience."

"I think there is an understanding of the human condition which is given to us by novels, by philosophers, by religious writing, and one can't discount that."

"You may argue that you can understand more about memory by reading volume one of *A la recherche du temps perdu* where Proust rediscovered memory in the taste of the madeleine cake than by anything I'm doing with the chicks."

"People understand different things about memory, and I can't handle those in terms of biochemistry. What I want to do, desperately, is to be able to put the two of them together, to unite the fractured halves of our lives, to put science back into the service of humanity, to give an integrated understanding of the world."

"In that sense one's got to listen to what the critics of science are saying and try and address their concerns even if you don't agree with their solutions."

As They Say in Europe

Corrupt Europe, sleazy Britain

Corruption pages proliferate. They appear all over western Europe. One wonders at times which country produces which comment: "Shady financing... is eating away at the state. That means many existing political careers, if not all, have been made in dubious circumstances. The discredit which has rebounded on the political class is now being purged. Such a medical exercise, however disagreeable, can only end by pepping up a profession which has terrible need of it."

That appeared in *Liberation* in Paris this week. It could have appeared in Spain or Italy. But not in Britain. In Britain there is sleaze, not corruption. Here, for the benefit of non-British readers, is an account of what sleaze might be in Britain.

Mr Kettle MP and the businessman Mr Black become firm friends while sharing a tent on a camping holiday.

Subsequently, Kettle is made a consultant for Black and asks questions in parliament, at £2,000 a time, about the poor management of the state-owned British Pits Corporation. Kettle rises to industry secretary and privatises BPC. Black becomes chairman. Kettle retires from the House and, as Lord Kettle, is made a director of British Pits PLC. The company donates £250,000 to the Conservative Party. Black, now knighted, retires to Liechtenstein with a £3m handout from the company. Lord Kettle heads the new Suburban Government Commission. Black is appointed by that commission to be chairman of the Surrey Development Agency, a one-day a week job paying £50,000 a year.

None of this is true, and even if it were it would not be illegal or corrupt. So the government has set up a stand-

ing commission to stamp it out.

I hope all is now clear.

In France, by contrast, nearly every report of corruption is leading to prosecution. The spread of corruption is blamed on decentralisation. In recent years the central government has handed many of its functions over to regional bodies which have had considerable sums to spend on local development.

Fortunately, the head of an institute of decentralisation, Pierre Richard, was there to put the record straight this week. In *Liberation* he wrote that extending powers to the regions had nothing to do

with corruption. "Let us say loud and clear: the tree which is composed of certain officials who have, either through imprudence or indelicacy, sinned, cannot conceal the forest of honest and efficient managers."

The accompanying story was that of the gigantic bridge at Nantes. In 1987, "commissions" worth anything between FF7m and FF20m were allegedly, and possibly indelicately, offered to those who might have had some influence over the contract. The papers have already regaled us with the complex history of the earlier Nantes water supply contract. The "one tree of imprudence" seems to cast a long shadow.

But Richard has a number of solutions. He wants to create a ministry run by an administrative judge, "organised in specialist sections to deal with public contracts, urban affairs etc and account-

able directly to local citizens." That would be underpinned by more powerful regional audit offices. And there should be an increase in "the powers and prerogatives of the central anti-corruption service". Most people, I imagine, would prefer corruption to anything like that.

Governments in such circumstances usually turn to this sort of thing – the "crackdown" approach, pioneered by Italy. But it easily gets out of hand. An economy can run into difficulties when a large proportion of its most dynamic and enterprising citizens languish behind bars pending further inquiries.

Then there is the alternative, but doomed, "return to morality" solution. In Britain there was the ill-starred "back to basics" campaign which started a year ago and collapsed three months later. Corruption was not its target but it ran into the sleaze factor. In Italy, "back to basics" was translated as a fascist renaissance. In France it is promoted by the prime minister, Edouard Balladur, under the formula known as "the moralisation of public life."

One has to turn to the unscaathed Germans for guidance. The Paris correspondent of the *Frankfurter Allgemeine Zeitung* wrote this week that Italy had provided an example to France – once judges and magistrates had a free hand they could really tackle the problem. But Balladur's approach was failing because it lacked an essential element. "What is decisive in the struggle against corruption is the political will for sharper sanctions."

Except in Britain, of course. There all measures have been taken to ensure that nothing untoward continues to happen.

James Morgan is economics correspondent of the BBC World Service.

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FT 29/10/94

A strategy to beat

SCHOOLS 1,000

A strategy to beat inflation

Scheherazade Daneshkhu on rising costs

Buying a house is probably the best-performing investment over a long period - at least 10 years - you may need to plan their payment.

As with any long-term investment, a strategy is needed. Keep it simple. Some financial advisers may bombard you with complicated school-fee plans. If you do not understand how the plan works, forget about the proposed investment. There is little point in taking learning the hard way once you come to pay the fees.

When it comes to school fees, you also have to consider the way to plan. Most schools have planning packages are based on the endowment policy but their main problem can be the lack of flexibility. Mr Anthony Murrell of Knight-Capendish Information Technology, which has a school-fee software package, says: "All too often, circumstances can change and the money will be needed for purposes other than school fees."

Other schemes are specifically designed to pay school fees, such as educational trusts. "These schemes usually impose penalties if the money is not spent on education," says Mr Murrell. "Because of their charitable status, which could well be removed by a change in government," says Mr Murrell.

It is never too soon to start saving for school fees - the best time is before the child is even planned. If you have chosen a flexible mix of investments and your plans change - and your child wins a scholarship or you decide to emigrate - you can use the money for something else.

Do not be too speculative. Stock market investments go up and down but schools demand regular payment. If you have a personal equity investment, trust in a plan (Pep) with deposits based investments for a stable backbone.

If you are choosing unit trusts for your Pep you could narrow your choice, from among the 1,500 or so on offer, to the tracker funds which have lower charges. The FTSE-100 index which tracks the FTSE-100 has an annual fee of 0.1 per cent and no initial charge, combined with top 30 per cent performance in the UK general sector.

Investments in tax-exempt bonds (tax-exempt bonds) are also available. These are special services which allow you to save up

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Paying for traditions some boarding schools now charge more than £4,000 per term

school fees will escalate might decide it is a good time to fix mortgage payments. If interest rates do rise, you have the security of knowing what your monthly mortgage payments are.

About two-thirds of private sending children to boarding schools have not made up their minds yet, although other options, such as a Pep can also be used.

Finally, there is a limited amount of central and local government help. The Assisted Places Scheme pays for children from low-income families to go to independent schools, while some local authorities may be able to provide help. Further details about the relevant bodies to contact can be drawn from the relevant bodies to contact.

These schools place on January 27 1995, with awards of up to half fees for girls aged 11, 12 and 13 or entering the Sixth Form, and music scholarships in any age.

For further details please contact the Headmaster's Secretary: BRISTOL R59 3BA. TELEPHONE (0117) 963 3141

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FINANCIAL TIMES

1000

A GUIDE TO SECONDARY EDUCATION

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Meeting the bills: school fees page 20



AUTUMN 1994

Cover shows pupils at Croydon High School for Girls. Picture: Lydia van der Meer

Always top of the class

A group of mainly single-sex, big-city day schools are well entrenched, says John Authers

In the third year of the FT1,000 schools guide, readers might be forgiven for thinking that they have seen it all before. League tables of schools based on A-level performance are an established feature of the educational landscape, and are telling a consistent story.

Fixed at the top of the table are a group of mainly single-sex, big-city day schools. They are very successful, and the very best are well entrenched. For the most part, these schools are not going to change. For the most part, these schools are not going to change. For the most part, these schools are not going to change.

Some results are quite spectacular when the pupils' backgrounds are taken into account

focused attention on the background of the pupils. This year, as independent girls' schools dominated, A-levels, the gap is narrower, but in the independent sector, girls' schools have more consistently high results. In the state sector, performance is more mixed. In the state sector, performance is more mixed. In the state sector, performance is more mixed.



Window of opportunity: A-levels can be the gateway to a highly-prized university education

Beyond cramming

John Authers on the rise of tutorial colleges as alternatives to school

In the exam, will we need to cram? The answer is yes. But not in the way we used to. Tutorial colleges are an alternative to school. They are an alternative to school. They are an alternative to school.

Each class is visited 10 minutes after it begins and if anyone is absent their parents are telephoned

and students are allowed to smoke during breaks. According to Fiona Dwyer, principal of MPW, this gives students less to rebel against. Teaching usually involves a mixture of lecture and discussion. The class size is small, a MPW class has 12 students. The class size is small, a MPW class has 12 students. The class size is small, a MPW class has 12 students.

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 Places are also available for September 1995.

For full information and application form please contact:
 The Registrar, Mill Hill School, The Ridgeway, Mill Hill, London, NW7 1DS
 Telephone 01 992 1921 Fax 01 992 4543
 4543 4543 4543 4543 4543 4543 4543 4543 4543 4543

BENENDEN SCHOOL

READING SCHOOL FOR GIRLS AGED 11 TO 18 YEARS
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 Applications are invited from South East and Lower School Secondary candidates
 apply by 28 October 1994

SIXTH FORM SCHOLARSHIPS
 For students who are at the school, candidates should apply by 19 December 1994

LOWER SCHOOL SCHOLARSHIPS
 For students who are at the school, candidates should apply by 14 November 1994

For a prospectus and application form
 THE ADMISSIONS SECRETARY,
 BENENDEN SCHOOL,
 CHARNBROOK, KENT TN17 4AA
 TELEPHONE (01893) 240484

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 11-18 YEARS AGED 11 TO 18 YEARS

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 * WIMBORNE * WIMBORNE * WIMBORNE * WIMBORNE * WIMBORNE

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 Wednesday 7 December, 7.30pm
 Sixth Form Scholarship Exams will be held on 23/24 January 1995
 The Headmaster on (0932) 863076

Half-way houses

From previous page
 feeds more like a university than a school. In other words, it is a halfway house. It is a halfway house. It is a halfway house.

The advantages of scale are great, and league tables often fail to reflect them. The UK's largest comprehensive - the Stantonbury Campus in Milton Keynes - also resembles a university more than a school, with fine lecture halls and sporting facilities available to the community. Its aggregate results may look less impressive but still include examples of excellence.

Elsewhere, urban schools have countered threats to their sixth forms by starting sixth-form consortia and by pooling resources, allowing students to take an A-level at one school and an AS at another. At Mill Hill School, a sixth-form handbook is demanded for it at all times.

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 Tel: 0171 229 8230 Fax: 0171 229 3784

from May 1995

025 100 1885

Calling at half-way houses

John Authors on the appeal of informality

Table with 3 columns: Rank, College, FT score

CLIFTON COLLEGE, BRISTOL Co-educational, boarding and day

CHOOSING A SCHOOL? Gabbittas Educational Consultants



Pupil power Colchester Sixth-Form College feels more like a small university

Kensington Park School An Independent Secondary Day School for boys and girls

The King's School, Canterbury Fully co-educational.

DEVONSHIRE HOUSE SCHOOL The best preparation for the 11+ exam

Abacus College Oxford A-Level Centre

THE BRITISH INSTITUTE OF FLORENCE Cap Year packages

Always top of the class

Table with 5 columns: Rank, School, FT score, Type, Sex

DOUAI SCHOOL Independent HMC Coeducational Catholic school 10 to 18 years

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WHITEHEAD & PARTNERS THE SCHOOL FEE AND INVESTMENT SPECIALISTS

Rank	School	Town	Type	FT score	Points per entry	Points per pupil	Passes/ pupil	Number of candidates	Religion	Total pupils	Male %	Boards %	Fees per annum £	Day Board
SOUTH WALES (cont.)														
76	Monmouth School	Monmouth	I	1.39	7.3	23.4	3.2	80	CE	622	50	28	474.5	780
356	Ochiltre	Swansea	I	1.07	6.4	17.1	2.8	132	ID	114	50	0	-	-
280	Pontefract	Abertawe	C	1.12	6.4	18.9	2.7	62	ID	1054	48	0	-	-
517	Pontefract Secondary	Pontefract	C	0.98	5.9	15.7	2.4	77	ID	1040	48	0	-	-
689	Queen Elizabeth Cantrile	Cardiff	C	0.97	6.0	15.1	2.5	51	ID	825	49	0	-	-
533	Queen Elizabeth Maridunum	Cardiff	C	0.89	5.9	12.5	2.0	64	ID	781	51	0	-	-
311	Rougemont School	Newport	I	1.10	6.3	16.6	2.8	28	ID	559	49	0	4305	-
134	St Michael's School	Llanelli	I	1.28	7.7	18.7	2.6	16	ID	311	60	0	304.5	-
760	Ysgol Gyfun Bryn	Cardiff	C	0.87	5.0	14.5	2.6	61	-	652	52	0	-	-
688	Ysgol Gyfun Emyn	Dyfed	C	0.80	5.5	14.1	2.4	34	N	580	50	0	-	-
518	Ysgol Gyfun Gwalter	Gwynedd	C	0.88	5.6	15.6	2.5	39	ID	1150	50	0	-	-
COUNTY ABERDEEN														
241	Birkdale School	Shirefield	I	1.13	6.4	18.4	2.6	36	ID	710	100	0	4290	-
976	Darunum	Doncaster	C	0.71	3.9	12.4	2.6	80	ID	876	51	0	-	-
815	Edlington	Doncaster	C	0.68	4.0	11.1	2.2	55	ID	890	48	0	-	-
926	Hall Cross	Doncaster	C	0.76-	4.6	12.0	2.0	210	ID	1479	50	0	-	-
780	Hyfield	Doncaster	C	0.65	4.8	14.5	2.6	71	ID	1151	49	0	-	-
697	King Edward	Sheffield	C	0.84	5.0	13.7	2.3	130	ID	1680	50	0	-	-
761	King Edward VI	Sheffield	C	0.84	5.1	16.4	2.7	48	N	783	54	0	-	-
672	Modbury	Doncaster	C	0.86	5.0	14.8	2.3	180	ID	1544	51	0	-	-
685	Parvatores Grammar	Sheffield	C	0.82	5.4	14.3	2.6	81	CS	1690	50	0	-	-
672	Parvatores Grammar	Sheffield	C	0.82	5.7	17.7	2.8	81	ID	1380	50	0	-	-
565	Sheffield High School	Sheffield	I	1.16	6.4	19.3	2.9	66	ID	1065	48	0	3804	-
672	Sheffield High School	Sheffield	I	1.16	6.4	19.3	2.9	66	ID	1065	48	0	-	-
892	Tonson Grammar	Sheffield	C	0.85	5.8	15.7	2.6	107	N	1402	50	0	-	-
738	Weth	Sheffield	C	0.84	3.9	18.0	2.7	114	ID	1402	50	0	-	-
COUNTY ABERDEEN														
738	Weth	Rothiemann	C	0.87	3.9	13.7	2.2	102	ID	1770	50	0	-	-
COUNTY ABERDEEN														
738	Weth	Rothiemann	C	0.89	5.0	14.8	2.4	91	N	1172	50	0	4047	-
SOUTH WALES (cont.)														
799	Abbotsholme School	Uthwater	I	0.84	5.0	13.8	2.5	28	ID	288	62	71	7360	107.48
830	Abbotsholme School	Korvepore	I	0.83	4.9	13.3	2.5	26	ID	278	52	0	-	-
433	Bythe Bridge High	Chennai	C	0.82	6.0	17.0	2.5	76	ID	889	48	0	-	-
833	Chennai Terence High	Chennai	C	1.22	4.8	13.5	2.4	74	ID	1289	49	0	-	-
536	De Ferra High	Butt-on-Trent	I	0.97	5.4	16.7	2.7	89	ID	1684	47	0	-	-
488	Dendro College	Uthwater	C	0.98	6.3	18.2	2.7	48	CE	288	69	59	7323	1027.2

205	Newcastle-under-Lyme School		1.19	6.6	20.6	3.0	34		1355	46	0	3408	
206	Robert Sutton R.C. School	CHC	0.81	4.2	14.8	2.7	30		559	40	0	-	
255	School of Salfrey & Salfrey		1.02	6.0	18.6	2.4	18		214	0	87	6688	
458	St Dominic's Primary School		1.18	6.8	18.3	2.6	14		385	7	0	3042	10245
52	St Joseph's School		0.38	5.7	16.4	2.8	22		482	2	0	3825	
687	St Joseph's School		0.38	6.1	17.4	2.6	18		482	73	0	3189	
469	Stanton Grammar School		1.00	6.7	15.1	2.9	78		3610	0	0	3610	-
587	Walton High		0.84	5.7	15.1	2.9	78		1135	51	0	3810	-
COUNTY AVERAGE		C	0.86	5.4	16.2	2.6	51		711			4941	10421
SUBTOTAL													
204	Catholic School		1.09	6.2	18.8	2.7	43		NC	610	67	33	6390
283	East Cheshire												8630

560	561	562	563	564	565	566	567	568	569	570	571	572	573	574	575	576	577	578	579	580	581	582	583	584	585	586	587	588	589	590	591	592	593	594	595	596	597	598	599	600	601	602	603	604	605	606	607	608	609	610	611	612	613	614	615	616	617	618	619	620	621	622	623	624	625	626	627	628	629	630	631	632	633	634	635	636	637	638	639	640	641	642	643	644	645	646	647	648	649	650	651	652	653	654	655	656	657	658	659	660	661	662	663	664	665	666	667	668	669	670	671	672	673	674	675	676	677	678	679	680	681	682	683	684	685	686	687	688	689	690	691	692	693	694	695	696	697	698	699	700	701	702	703	704	705	706	707	708	709	710	711	712	713	714	715	716	717	718	719	720	721	722	723	724	725	726	727	728	729	730	731	732	733	734	735	736	737	738	739	740	741	742	743	744	745	746	747	748	749	750	751	752	753	754	755	756	757	758	759	760	761	762	763	764	765	766	767	768	769	770	771	772	773	774	775	776	777	778	779	780	781	782	783	784	785	786	787	788	789	790	791	792	793	794	795	796	797	798	799	800	801	802	803	804	805	806	807	808	809	810	811	812	813	814	815	816	817	818	819	820	821	822	823	824	825	826	827	828	829	830	831	832	833	834	835	836	837	838	839	840	841	842	843	844	845	846	847	848	849	850	851	852	853	854	855	856	857	858	859	860	861	862	863	864	865	866	867	868	869	870	871	872	873	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000
St Bede's	St William	Perkins's School	Sandhurst	Royal Naval School for Girls	Royal Grammar School	Regent's School	Pearce's School	874	875	876	877	878	879	880	881	882	883	884	885	886	887	888	889	890	891	892	893	894	895	896	897	898	899	900	901	902	903	904	905	906	907	908	909	910	911	912	913	914	915	916	917	918	919	920	921	922	923	924	925	926	927	928	929	930	931	932	933	934	935	936	937	938	939	940	941	942	943	944	945	946	947	948	949	950	951	952	953	954	955	956	957	958	959	960	961	962	963	964	965	966	967	968	969	970	971	972	973	974	975	976	977	978	979	980	981	982	983	984	985	986	987	988	989	990	991	992	993	994	995	996	997	998	999	1000																																																																																																																																																																																																																																																																																																																		
Woodbridge	Flemington	Ipworth	Southold	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth	Leiston	Ipworth																																																																																																																

An FT score of 1.00 = the FT-1000 national average. I = Independent school. G = Grammar school. C = Comprehensive school. For detailed key, see page

Listings

[illegible]

An FT score of 1.00 = the FT-1000 national average. I = Independent school. G = Grammar school. C = Comprehensive school. For detailed key, see page 5

FINANCIAL TIMES WEEKEND OCTOBER 29/OCTOBER 30 1994

SCHOOLS 1,000 Listings

[illegible]

HAMPSHIRE

733	Atbury School, The	Southernpton	0.87	5.2	14.1	2.5	26	CE	385	0	0	4071	12378
734	Berles School	Pewfield	1.22	6.7	21.3	3.1	66	ID	381	47	81	8940	6862
735	Chiron's College	Pewfield	0.89	6.7	16.8	2.7	68	ID	687	71	7	4600	-
736	Penruchigh College	Penruchigh	0.75	4.8	11.4	2.2	61	ID	12300	49	0	-	-
737	Penruchigh VI School	Penruchigh	1.19	7.1	18.4	2.6	49	CE	538	0	0	4025	-
738	King Edward VI School	Penruchigh	1.07	7.0	18.4	3.0	47	ID	389	88	0	4487	5012
739	Lord Wandsworth College	Penruchigh	1.07	6.0	16.1	2.7	48	ID	439	95	73	7044	10278
740	North Foreland Lodge	Penruchigh	0.89	4.0	11.8	2.6	16	CE	178	0	170	-	-
741	Portsmouth Grammar School	Portsmouth	1.39	7.7	24.0	3.0	83	ID	768	84	0	4356	-
742	Portsmouth High School	Portsmouth	1.80	7.1	22.8	3.2	83	ID	749	0	0	3804	-
743	St Anne's	Southernpton	0.89	5.3	11.4	2.5	73	CS	1154	0	0	-	-
744	St Anne's Catholic	Southernpton	0.71	4.3	11.2	2.1	31	CS	988	48	0	3476	6825
745	St Edmund's Catholic	Portsmouth	0.82	4.8	13.4	2.5	51	CE	824	99	14	3605	-
746	St John's College	Southern	0.82	5.2	15.6	3.1	12	CE	370	0	0	4417	10895
747	St John's College	Witcher	1.39	7.9	23.7	3.0	46	CE	447	52	82	6465	-
748	St Stephen's School	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
749	St Thomas' College	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
750	Tamworth College	Witcher	1.45	5.8	17.7	2.7	76	CE	1387	100	87	9991	12788
751	Witcher	Witcher	1.05	6.0	18.1	2.8	78	ID	1387	0	0	5350	10136
COUNTY AVERAGE													
1.05													
5.8													
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CE													
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12788													
10136													

752	Atbury School	Southernpton	0.87	5.2	14.1	2.5	26	CE	385	0	0	4071	12378
753	Berles School	Pewfield	1.22	6.7	21.3	3.1	66	ID	381	47	81	8940	6862
754	Chiron's College	Pewfield	0.89	6.7	16.8	2.7	68	ID	687	71	7	4600	-
755	Penruchigh College	Penruchigh	0.75	4.8	11.4	2.2	61	ID	12300	49	0	-	-
756	Penruchigh VI School	Penruchigh	1.19	7.1	18.4	2.6	49	CE	538	0	0	4025	-
757	King Edward VI School	Penruchigh	1.07	7.0	18.4	3.0	47	ID	389	88	0	4487	5012
758	Lord Wandsworth College	Penruchigh	1.07	6.0	16.1	2.7	48	ID	439	95	73	7044	10278
759	North Foreland Lodge	Penruchigh	0.89	4.0	11.8	2.6	16	CE	178	0	170	-	-
760	Portsmouth Grammar School	Portsmouth	1.39	7.7	24.0	3.0	83	ID	768	84	0	4356	-
761	Portsmouth High School	Portsmouth	1.80	7.1	22.8	3.2	83	ID	749	0	0	3804	-
762	St Anne's	Southernpton	0.89	5.3	11.4	2.5	73	CS	1154	0	0	-	-
763	St Anne's Catholic	Southernpton	0.71	4.3	11.2	2.1	31	CS	988	48	0	3476	6825
764	St Edmund's Catholic	Portsmouth	0.82	4.8	13.4	2.5	51	CE	824	99	14	3605	-
765	St John's College	Southern	0.82	5.2	15.6	3.1	12	CE	370	0	0	4417	10895
766	St John's College	Witcher	1.39	7.9	23.7	3.0	46	CE	447	52	82	6465	-
767	St Stephen's School	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
768	St Thomas' College	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
769	Tamworth College	Witcher	1.45	5.8	17.7	2.7	76	CE	1387	100	87	9991	12788
770	Witcher	Witcher	1.05	6.0	18.1	2.8	78	ID	1387	0	0	5350	10136
COUNTY AVERAGE													
1.05													
5.8													
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CE													
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10895													
9991													
5350													
12788													
10136													

771	Atbury School	Southernpton	0.87	5.2	14.1	2.5	26	CE	385	0	0	4071	12378
772	Berles School	Pewfield	1.22	6.7	21.3	3.1	66	ID	381	47	81	8940	6862
773	Chiron's College	Pewfield	0.89	6.7	16.8	2.7	68	ID	687	71	7	4600	-
774	Penruchigh College	Penruchigh	0.75	4.8	11.4	2.2	61	ID	12300	49	0	-	-
775	Penruchigh VI School	Penruchigh	1.19	7.1	18.4	2.6	49	CE	538	0	0	4025	-
776	King Edward VI School	Penruchigh	1.07	7.0	18.4	3.0	47	ID	389	88	0	4487	5012
777	Lord Wandsworth College	Penruchigh	1.07	6.0	16.1	2.7	48	ID	439	95	73	7044	10278
778	North Foreland Lodge	Penruchigh	0.89	4.0	11.8	2.6	16	CE	178	0	170	-	-
779	Portsmouth Grammar School	Portsmouth	1.39	7.7	24.0	3.0	83	ID	768	84	0	4356	-
780	Portsmouth High School	Portsmouth	1.80	7.1	22.8	3.2	83	ID	749	0	0	3804	-
781	St Anne's	Southernpton	0.89	5.3	11.4	2.5	73	CS	1154	0	0	-	-
782	St Anne's Catholic	Southernpton	0.71	4.3	11.2	2.1	31	CS	988	48	0	3476	6825
783	St Edmund's Catholic	Portsmouth	0.82	4.8	13.4	2.5	51	CE	824	99	14	3605	-
784	St John's College	Southern	0.82	5.2	15.6	3.1	12	CE	370	0	0	4417	10895
785	St John's College	Witcher	1.39	7.9	23.7	3.0	46	CE	447	52	82	6465	-
786	St Stephen's School	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
787	St Thomas' College	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
788	Tamworth College	Witcher	1.45	5.8	17.7	2.7	76	CE	1387	100	87	9991	12788
789	Witcher	Witcher	1.05	6.0	18.1	2.8	78	ID	1387	0	0	5350	10136
COUNTY AVERAGE													
1.05													
5.8													
14.1													
2.5													
26													
CE													
385													
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9991													
5350													
12788													
10136													

790	Atbury School	Southernpton	0.87	5.2	14.1	2.5	26	CE	385	0	0	4071	12378
791	Berles School	Pewfield	1.22	6.7	21.3	3.1	66	ID	381	47	81	8940	6862
792	Chiron's College	Pewfield	0.89	6.7	16.8	2.7	68	ID	687	71	7	4600	-
793	Penruchigh College	Penruchigh	0.75	4.8	11.4	2.2	61	ID	12300	49	0	-	-
794	Penruchigh VI School	Penruchigh	1.19	7.1	18.4	2.6	49	CE	538	0	0	4025	-
795	King Edward VI School	Penruchigh	1.07	7.0	18.4	3.0	47	ID	389	88	0	4487	5012
796	Lord Wandsworth College	Penruchigh	1.07	6.0	16.1	2.7	48	ID	439	95	73	7044	10278
797	North Foreland Lodge	Penruchigh	0.89	4.0	11.8	2.6	16	CE	178	0	170	-	-
798	Portsmouth Grammar School	Portsmouth	1.39	7.7	24.0	3.0	83	ID	768	84	0	4356	-
799	Portsmouth High School	Portsmouth	1.80	7.1	22.8	3.2	83	ID	749	0	0	3804	-
800	St Anne's	Southernpton	0.89	5.3	11.4	2.5	73	CS	1154	0	0	-	-
801	St Anne's Catholic	Southernpton	0.71	4.3	11.2	2.1	31	CS	988	48	0	3476	6825
802	St Edmund's Catholic	Portsmouth	0.82	4.8	13.4	2.5	51	CE	824	99	14	3605	-
803	St John's College	Southern	0.82	5.2	15.6	3.1	12	CE	370	0	0	4417	10895
804	St John's College	Witcher	1.39	7.9	23.7	3.0	46	CE	447	52	82	6465	-
805	St Stephen's School	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
806	St Thomas' College	Witcher	0.87	4.7	12.6	2.2	310	CE	885	0	0	-	-
807	Tamworth College	Witcher	1.45	5.8	17.7	2.7	76	CE	1387	100	87	9991	12788
808	Witcher	Witcher	1.05	6.0	18.1	2.8	78	ID	1387	0	0	5350	10136
COUNTY AVERAGE													
1.05													
5.8													
14.1													
2.5													
26													
CE													
385													
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9991													
5350													
12788													
10136													

809	Atbury School	Southernpton	0.87	5.2	14.1	2.5	26	CE	385	0	0	4071	12378
810	Berles School	Pewfield	1.22	6.7	21.3	3.1	66	ID	381	47	81	8940	6862
811	Chiron's College	Pewfield	0.89	6.7	16.8	2.7	68	ID	687	71	7	4600	-
812	Penruchigh College	Penruchigh	0.75	4.8	11.4	2.2	61	ID	12300	49	0	-	-
813	Penruchigh VI School	Penruchigh	1.19	7.1	18.4	2.6	49	CE	538	0	0	4025	-
814	King Edward VI School	Penruchigh	1.07	7.0	18.4	3.0	47	ID	389	88	0	4487	5012
815	Lord Wandsworth College	Penruchigh	1.07	6.0	16.1	2.7	48	ID	439	95	73	7044	10278
816	North Foreland Lodge	Penruchigh	0.89	4.0	11.8	2.6	16	CE	178	0	170	-	-
817	Portsmouth Grammar School	Portsmouth	1.39	7.7	24.0	3.0	83	ID	768	84	0	4356	-
818	Portsmouth High School	Portsmouth	1.80	7.1	22.8	3.2	83	ID	749	0	0	3804	-
819	St Anne's	Southernpton	0.89	5.3	11.4	2.5	73	CS	1154	0	0	-	-
820	St Anne's Catholic	Southernpton	0.71	4.3	11.2	2.1	31	CS	988	48	0	3476	6825
821	St Edmund's Catholic	Portsmouth	0.82	4.8	13.4	2.5	51	CE	824	99	14	3605	-
822	St John's College	Southern	0.82	5.2	15.6	3.1	12	CE	370	0	0	4417	

An FT score of 1.00 = the FT-1000 national average. I = Independent school, G = Grammar school, C = Comprehensive school. For detailed key, see page 6